

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91239589
Party	Plaintiff Maker's Mark Distillery, Inc.
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Date	10/30/2020
Attachments	Makers NOR 4.pdf(15523 bytes) Exhibit 13 Food and Wine.pdf(4823469 bytes) Exhibit 14 Wall Street Journal Article.pdf(3263435 bytes) Exhibit 15 Dayton Business Journal.pdf(1790523 bytes) Exhibit 16 Makers Mark Bourbon Turns 50.pdf(1734967 bytes) Exhibit 17 SF Chronicle.pdf(3450985 bytes) Exhibit 18 Business Wire.pdf(2600217 bytes) Exhibit 19 Forbes article.pdf(2659499 bytes) Exhibit 20 Makers Mark Distillery Inc v Diageo North America Inc.pdf(3938427 bytes)

**UNITED STATES PATENT AND TRADEMARK OFFICE
TRADEMARK TRIAL AND APPEAL BOARD**

MAKER'S MARK DISTILLERY, INC.,

Opposer,

v.

BOWMAKER'S WHISKEY COMPANY,

Applicant.

Opposition No. 91239589

Serial No. 87,383,989

Mark: BOWMAKER'S WHISKEY

OPPOSER'S FOURTH NOTICE OF RELIANCE

Opposer Maker's Mark Distillery, Inc. ("Opposer"), by its undersigned attorneys and pursuant to 37 C.F.R. § 2.122(e) and (g) and TBMP § 704.08, hereby gives notice that it intends to rely at trial on the following evidence, relevant to the issues raised by the pleadings:

1. Pursuant to 37 C.F.R. § 2.122(e) and (g) and TBMP § 704.08, Opposer submits a November 29, 2018 article published in *Food & Wine* magazine entitled "The 25 Most Important Bourbons Ever Made". (Exhibit 13.) In this article, MAKER'S MARK was ranked the #1 most important bourbon ever made in a survey of 23 experts that included distillers, journalists, authors, whiskey-bar owners and one whiskey-centric-liquor-store proprietor. The brand's "savvy marketing," pioneering of "bourbon tourism," and "craft" reputation among more "industrial" offerings were listed as reasons why MAKER'S MARK earned the top honors. This document is relevant to this matter as it demonstrates the strength and widespread recognition of Opposer's marks.

2. Pursuant to 37 C.F.R. § 2.122(e) and (g) and TBMP § 704.08, Opposer submits an August 1, 1980 article published on the front page of *The Wall Street Journal* entitled "Maker's

Mark Goes Against the Grain to Make its Mark”. (Exhibit 14.) This document is relevant to this matter as it demonstrates the longstanding use, strength and widespread recognition of Opposer’s marks.

3. Pursuant to 37 C.F.R. § 2.122(e) and (g) and TBMP § 704.08, Opposer submits an April 1, 2013 article published in *Dayton Business Journal* entitled “Maker’s Mark Picked as Best Bourbon”. (Exhibit 15.) This article revealed the results of an online poll wherein 42% of 163 respondents named MAKER’S MARK bourbon their favorite brand. The second place finisher WOODFORD RESERVE received 19% of votes and the third place finisher JIM BEAM and fourth place finisher KNOB CREEK received 9 percent and 8 percent, respectively. This document is relevant to this matter as it demonstrates the strength and widespread recognition of Opposer’s marks.

4. Pursuant to 37 C.F.R. § 2.122(e) and (g) and TBMP § 704.08, Opposer submits a February 26, 2004 article published by *The Associated Press* entitled “Premium Bourbon Brand Maker’s Mark Turns 50”. (Exhibit 16.) In this article, which commemorated the 50th anniversary of the brand, a former bartender at one of the most iconic bars in New York City who later became a beverage industry consultant and educator is quoted as saying “You can’t run a bar without Maker’s.” This document is relevant to this matter as it demonstrates the longstanding use, strength and widespread recognition of Opposer’s marks.

5. Pursuant to 37 C.F.R. § 2.122(e) and (g) and TBMP § 704.08, Opposer submits a February 9, 2012 article from the *San Francisco Chronicle Magazine* entitled “Bourbon, Barbecue and a Taste of History in Louisville”. (Exhibit 17.) This travel article profiles the Maker’s Mark Distillery as a focal point for visitors to the Louisville, Kentucky area. This document is relevant to this matter as it demonstrates the strength and widespread recognition of Opposer’s marks. It

also demonstrates Opposer's successful efforts to market its products through investments in unique in-person experiences at the distillery.

6. Pursuant to 37 C.F.R. § 2.122(e) and (g) and TBMP § 704.08, Opposer submits a February 25, 2004 article from *Business Wire* entitled "Maker's Mark Bourbon is on Fire as it Reaches the Half-Century Mark". (Exhibit 18.) This article cites figures from the Distilled Spirits Council of the United States stating that MAKER'S MARK had a 77% share of the U.S. fine bourbon market at the time. It also quotes a representative of one of the largest spirit retailers in Chicago, who remarked of the brand that "[i]t is rare when you see a spirits product garnering such devotion among the general public, ranging from folks in their mid-twenties to those in their fifties." This document is relevant to this matter as it demonstrates the longevity of use, strength and widespread recognition of Opposer's marks.

7. Pursuant to 37 C.F.R. § 2.122(e) and (g) and TBMP § 704.08, Opposer submits an April 22, 2020 article from *Forbes* entitled "These Are The 10 Best-Selling Bourbons, According to Drizly – And No. 1 Is Shocking". (Exhibit 19.) This article illustrates the popularity of Opposer's marks as compared to all bourbons and based on the total number of units sold through Drizly. This document is relevant to this matter as it demonstrates the longevity of use, strength and widespread recognition of Opposer's marks.

8. Pursuant to 37 C.F.R. § 2.122(e) and (g) and TBMP § 704.08, Opposer submits copies of the following decisions issued by federal courts in the United States, each of which is relevant to this proceeding due to the decisions' acknowledgements of the strength, popularity and widespread consumer recognition of MAKER'S MARK bourbon: *Maker's Mark Distillery, Inc. v. Diageo North America, Inc.*, 679 F.3d 410 (6th Cir. 2012) (noting "Maker's Mark occupies a central place in the modern story of bourbon") and *Maker's Mark Distillery, Inc. v. Diageo North*

America, Inc., 703 F.Supp.2d 671 (2010) (noting the company's creative marketing efforts "have cultivated something akin to a cult following of the brand among whisky enthusiasts") (Exhibit 20).

Dated: October 30, 2020

Maker's Mark Distillery, Inc.

By: /s/ Richard M. Assmus

Michael D. Adams
Richard M. Assmus
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Attorneys for Opposer

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing Opposer's Fourth Notice of Reliance, with Exhibits 13 through 20, was served via email on counsel for Applicant at the following addresses on October 30, 2020:

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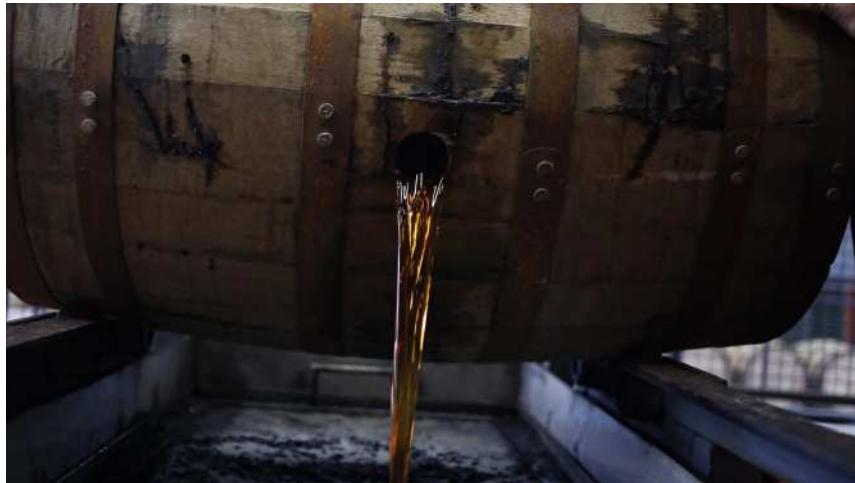
/s/ Daniel P. Virtue _____

Daniel P. Virtue
Attorney
MAYER BROWN LLP

EXHIBIT 13

The 25 Most Important Bourbons Ever Made

By **Food & Wine** Updated November 29, 2018



LUKE SHARRETT

If you asked a spirits expert a quarter century ago to name the most important bourbons ever made, they might have wondered whether America's home-grown whiskey deserved such analytical consideration. Bourbon was in the doldrums, unappreciated and underdrunk. But today, thanks to a boom that shifted into high gear around the turn of the century, bourbon is arguably the most talked-about, most obsessed-over and most in-demand spirit in the world. To better assess how we got here, we consulted with 23 bourbon experts, including distillers, journalists, authors, whiskey-bar owners and one whiskey-centric-liquor-store proprietor. Each participant named five to ten bourbons that made a difference—not their favorite bourbons, or the ones they thought tasted best, but those bottles that were influential, innovative or otherwise held a significant place in bourbon history. They were allowed to reach way back to pre-Prohibition years, cite bourbons they could never have tasted, and yes, in the case of distillers, include their own creations. (One self-serving endorsement would not land them a spot on this list, however, as every bourbon here received multiple votes.) The final order was determined strictly by the votes received. There were a number of ties in the lower rankings. In those cases, editorial judgment determined final rankings. In a few instances, the panelists indicated complete lines of bourbons that bore the same name, not just a single bottling. In other cases, panelists pointed out different bottlings within a single line. As the arguments behind these choices were often similar, these votes were sometimes combined and placed within the rankings as a bourbon label's complete line. (Sound complicated? Well, so is today's bourbon market.) Without further ado, here's the list. A visceral debating of the results is expected, even encouraged. We only ask you do your arguing with a bourbon in one hand and leave the other hand free for volatile gesturing. —Robert Simonson

[Share the Gallery](#)

25. Flavored bourbons

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CREDIT: COURTESY OF CAMPARI GROUP

particular flavored bourbon was signified, though Wild Turkey's American Honey (a trailblazer, introduced way back in 1976) and Jim Beam's Red Stagg were mentioned. If bourbon is indeed booming, these bottles are part of the reason.

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The 25 Most Important Bourbons Ever Made

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24. Michter's line



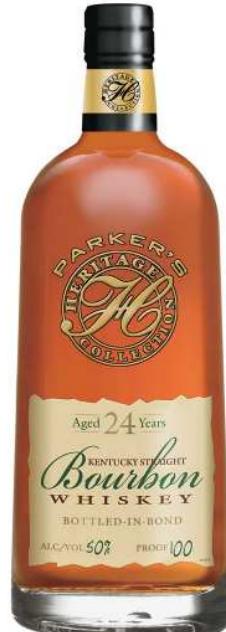
CREDIT: COURTESY OF MICTHER'S DISTILLERY

This old Pennsylvania distilling name got new life in the 1990s under new owners who sourced, rather than made, their whiskey. They are now producing whiskey at their own distillery in Shively, Kentucky, which opened its doors in 2012,

and, in 2018, will also distill on a smaller scale in a facility on Main Street in Louisville. Together, the two buildings represented a huge new investment and show of faith in the Kentucky bourbon industry. The owners also recently hired Pamela Heilmann as master distiller, a rare woman in that role in the bourbon world at the moment.

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23. Parker's Heritage Collection



CREDIT: COURTESY OF HEAVEN HILL DISTILLERY

Named for the late master distiller Parker Beam, this annual series was launched in 2007 and has since become one of the most highly anticipated bottlings produced by Heaven Hill. The limited releases typically have a higher age and alcohol level. Past renditions have included a malt whiskey and a wheat whiskey. Bourbon writer Chuck Cowdery was so impressed by the 2012 blend of rye and wheated bourbon mashbills that he called it “one of the best bourbons ever made and a great example of what a veteran master distiller at the height of his powers can accomplish.”

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22. Evan Williams Single Barrel

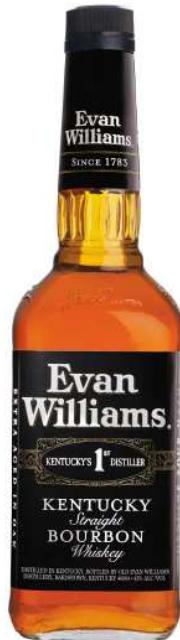


CREDIT: COURTESY OF BUFFALO TRACE DISTILLERY

An old bourbon name currently owned and produced by The Sazerac Company, it is a relative bargain if you can find it on the shelf (which is tough, these days). Weller is often sought by Pappy chasers, owing to its wheated mashbill (it has the same wheat-heavy recipe as Pappy, but aged differently), and its heritage. The label was once owned by Pappy van Winkle and produced at the legendary old Stitzel-Weller distillery. “The closest you can get today to the taste of those great Stitzel-Weller wheaters of yore,” said Cowdery of the 12-year-old.



20. Evan Williams



CREDIT: COURTESY OF HEAVEN HILL DISTILLERY

One of the great values and workhorse labels of the bourbon industry, the ubiquitous Evan Williams black label, produced by Heaven Hill, has been one of the primary drivers of bourbon growth for many years. It is the second-largest-selling Kentucky straight bourbon in the world, and it's a rare bourbon lover who hasn't tasted it. Even rarer is a liquor store that doesn't carry it.

19. Elmer T. Lee Single Barrel

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CREDIT: COURTESY OF BUFFALO TRACE DISTILLERY

Named after a longtime employee of what is now the Buffalo Trace distillery. Lee forever changed the bourbon industry when he created Blanton's, the first single-barrel bourbon, in 1984. So it's appropriate that, the very next year, his name would adorn another single-barrel whiskey. "Elmer loved this bourbon," said Wild Turkey master distiller Jimmy Russell, who knew the man, "and its profile is similar to my profiles."

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18. George T. Stagg



CREDIT: COURTESY OF BUFFALO TRACE DISTILLERY

Introduced by Buffalo Trace in 2002 (upon the suggestion of a prescient customer), the uncut and unfiltered powerhouse bourbon was ahead of its time, marking the advent of a coming mania for the intense experience afforded by overproof bourbons. It is always bottled at no less than 15 years and is part of Buffalo Trace's "Antique Collection." It quickly became a collector's item (The original bottling went for a mere \$40.) and the limited run sells out every year. "If there is one collection of vintages a bourbon drinker compares in verticals year after year, this is it," said Bill Thomas, owner of the Jack Rose Dining Saloon, a whiskey-lovers destination in D.C.

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17. Old Grand-Dad bonded and 114





CREDIT: COURTESY OF BEAM SUNTORY

One of the oldest names in bourbon (the eponymous grand-dad is 19th-century distiller Basil Hayden), the high-rye Old Grand-Dad also culls respect for its bonded (100 proof by law) and barrel-proof renditions, which is both called and proofed “114.” Spirits writer Liza Weisstuch called the bonded, “easily the best bang-for-your-buck bourbon on the market,” while liquor historian David Wondrich pointed out that the 114 “was launched the same time as Blanton’s and

just as pioneering, with only a fraction of the credit. Both are marks of bourbon’s residual pride and harbingers of its renaissance.”

16. Old Taylor



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CREDIT: COURTESY OF BUFFALO TRACE DISTILLERY

This oft-overlooked heritage brand gets a nod of respect from history-minded experts who know that the Taylor of the title is Edmund Haynes Taylor Jr., who, more than anyone, was responsible for the passage of the Bottled in Bond Act of 1897. That law helped ensure the contents and quality of the liquid inside the bottles, putting behind an era when a lot of whiskey was adulterated by unscrupulous purveyors before it reached the consumer. Every bourbon that bore the bonded name had to be aged and bottled to particular legal regulations in federally bonded warehouses, and bottled at 100 proof. “It was the very first consumer protection act,” observed distiller Dave Pickerell, former master distiller at Maker’s Mark, “beating the Pure Food and Drug Act by nine years.”

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15. Buffalo Trace Experimental Series



CREDIT: COURTESY OF BUFFALO TRACE DISTILLERY

The Buffalo Trace distillery began toying around with different whiskey-making methods—varying mash bills, a variety of barrel woods, different barrel toasts—in the early 1990s. Every possible variable was scrutinized. They’re still at it, and fairly often they unveil one of their experiments as a limited release, with the first coming in 2006. (More than 50 have been released.) There are now more than 14,000 experimental barrels sitting in Buffalo Trace rickhouses, waiting for their possible close-up. That’s a lot of curiosity. “Never before in bourbon history has a distiller experimented so extensively,” noted legendary liquor store owner LeNell Camacho Santa Ana.

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14. Willett Family Estate line



CREDIT: COURTESY OF WILLETT FAMILY ESTATE

The Willett family (and the man who married into it) saved a lot of great bourbon that no one else wanted and gave it to a thirsty and curious world. Even Kulsveen (who married Martha Willett) set up as an independent bottler in 1984, and began releasing whiskeys drawn from the leading distilleries in Kentucky. These were often uncut and unfiltered, offering bourbon geeks a no-holds-barred taste drawn from whiskey wellsprings. “These bottlings gave the modern bourbon drinker access to cask strength bourbon expressions from many distilleries,” said Bill Thomas, who carries many Willets at his D.C. whiskey palace, Jack Rose Dining Saloon. “Each cask was judged by the quality of the juice and not the preconceived notion of brands.”

13. Hudson Baby Bourbon

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CREDIT: COURTESY OF TUTHILTON SPIRITS

Imagine an America with no craft distilling scene. It wasn't too long ago. New York's Tuthilltown Spirits, the state's first whiskey distillery since Prohibition, helped to change that. "Without the tremendous efforts by founder Ralph Erenzo in passing the Farm Distillery Act of 2007 in New York," said whiskey writer Heather Greene, "the massive proliferation of distilleries across New York State—arguably one of the U.S.'s hot spots of bourbon production outside of Kentucky—may not have flourished." Tuthilltown's flagship product was its Baby Bourbon, put out in a squat little 375 ml bottle that soon found a place in many bars and liquor stores. Many other fledgling distillers followed Tuthilltown's example. The oldest bourbon out there? No. The best? No. But few bottles have so altered the course of bourbon history.

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12. Jim Beam

CREDIT: BLOOMBERG

You can't have a list like this without including steady, sturdy, dependable, always-there Jim Beam. The best-selling bourbon in the world, ol' white label has held steady through thick and thin times. As distiller David Pickerell pointed out, "it is hard to ignore the millions of cases Beam has sold." Moreover, the sprawling Beam family of distillers has touched the fortunes of many other bourbon distilleries, notably Heaven Hill.

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11. Elijah Craig



CREDIT: COURTESY OF HEAVEN HILL DISTILLERY

Along with Evan Williams, the Elijah Craig brand is the foundation of the Heaven Hill distillery. As Chris Morris, master distiller of Brown-Forman, put it, the two labels “combined over a generation to make Heaven Hill a bourbon powerhouse.” It was released in 1986, at a ridiculously low price, and at the then-unheard-of age of 12 years. That expression is no longer made and fondly remembered. Today’s Elijah Craig is between eight and twelve years old. There are also older expressions on the market that fetch a pretty penny.

10. Four Roses line

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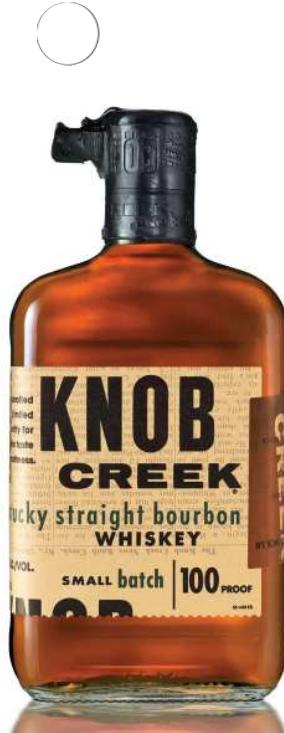
CREDIT: COURTESY OF FOUR ROSES DISTILLERY

Perhaps more than any other Kentucky distillery, Four Roses stands as a symbol of bourbon's recent turnaround. The brand all but vanished from the U.S. under the leadership of Seagram, who exported the once-best-selling juice to foreign markets. Beginning in 2002, new owners Kirin and distiller Jim Rutledge helped reinvent Four Roses as a premium brand, introducing single-barrel and then small-batch expressions. Four Roses is also innovative in its use of yeast, working with five strains. Combined with two mash bills, that results in 10 distinct bourbons. Larry Rice, owner of The Silver Dollar

bar, a Louisville whiskey destination, said "Their successful transformation from blended bottom shelf to cult status distillers changed the way other distilleries continued with production."

9. Knob Creek

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CREDIT: COURTESY OF BEAM SUNTORY

One of the Jim Beam small-batch bourbon collection introduced in 1992 by famed distiller Booker Noe, the others being Baker's and Basil Hayden's. (The fourth member, Booker's, debuted in 1988.) Knob Creek proved the most popular,

helping to elevate the reputation of the distillery and bringing the small-batch bourbon movement, as well as the super-premium bourbon category, into the mainstream. Knob Creek and its brothers "became the gateway for many a new bourbon drinker," said Bill Thomas. When Beam announced in 2009 that it was running short of the stuff due to high demand, the bourbon world collectively fainted.

8. Very Very Old Fitzgerald

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CREDIT: COURTESY OF HEAVEN HILL DISTILLERY

Before there was Pappy Van Winkle, there was Old Fitzgerald, a popular wheated whiskey for half a century after Prohibition. It was Van Winkle himself who bought the old brand and made it into a power player, added wheat to the mash bill and distilling it at the famous Stitzel-Weller Distillery. The Very Very Old Fitzgerald, a 12-year-old, was “just

about perfect, as in perfectly balanced,” according to Cowdery. Today, the brand is produced by Heaven Hill. But the stuff people obsessed over is long gone.

7. Wild Turkey 101

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CREDIT: COURTESY OF CAMPARI GROUP

In the 1970s and '80s, when vodka reigned, and most of the bourbon barons ran scared, lowering their alcohol levels to appeal to callow drinkers, Jimmy Russell and Wild Turkey stood stubbornly by their 101 proof. They didn't get much attention for their steadfastness until bourbon's fortunes began to change, and the stick-to-their-guns style of Russell and his son Eddie elevated them to the status of bourbon icons. "Old, versatile, nuanced, affordable. A perfect reason to drink

bourbon early and often. Great on its own or in a cocktail and always available, it could certainly be a standard bearer for bourbon if aliens landed on earth and needed a quick crash course on the subject," said Allen Katz.

6. Old Crow

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CREDIT: COURTESY OF BEAM SUNTORY

What's being honored here is not the bottom-shelf, unremarkable Old Crow of today, but the Old Crow of yore, and the man who created it. In the mid-19th century, Dr. James Crow introduced practices that became standard operating procedure, including the sour mash process and routine aging. The former method, in which a bit of the previous batch of mash was transferred to the next, ensured consistency of flavor and quality. No one lives today who tasted the good doctor's joyous juice. Still, "bourbon wouldn't be what it is today if it weren't for Dr. James Crow," said Bill Samuels, president of Maker's Mark. (Beam has made Old Crow since 1987.)

5. Old Forester

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CREDIT: COURTESY OF OLD FORESTER

Old Forester was the first bourbon sold in sealed bottles, rather than in barrels. That seal meant that there was no way anyone could have messed around with your liquor—an assurance of purity. “Tamper proofing bourbon for the first time,” said Trey Zoeller, distiller of Jefferson’s, “helped set a protocol for all other legal bourbons to follow.” Never out of production since 1870, even through Prohibition, and long made by Brown-Forman (the distillery is named for the

whiskey’s creator, George Garvin Brown), Old Forester never quite gets the full respect it ought to. But traditionalists know its worth.

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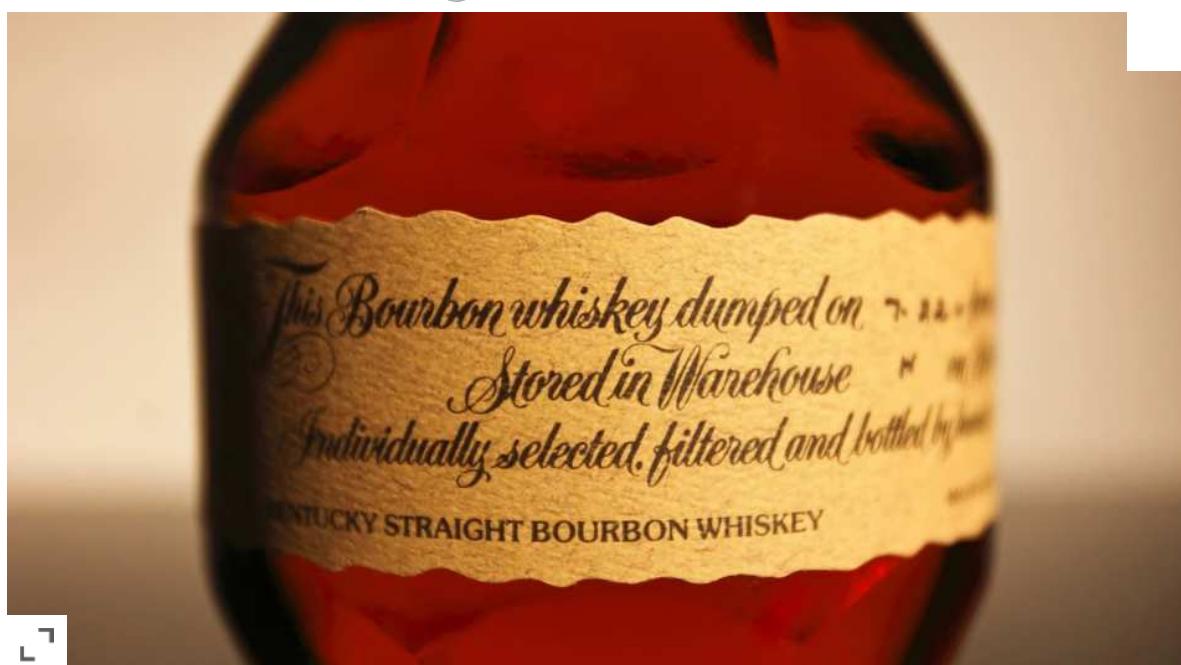
4. Pappy Van Winkle line



CREDIT: COURTESY OF BUFFALO TRACE DISTILLERY

"Does this really need an explanation?" asked whiskey writer Fred Minnick. "This brand commands a fandom that may lead to a new mental health diagnosis." If you're a teetotaler who has lived in a cave in the Great Smoky Mountains for the past twenty years, this is probably the one bourbon that would ring a bell. Allocated, hard to find, and a wallet-emptier when you do find it, the Van Winkle line fostered in bourbon drinkers a hunting mentality, and helped elevate bourbon into a luxury commodity on par with rare Bordeaux. Originally drawn by the Van Winkle family from the remaining stock at the Stitzel-Weller distillery, which closed in 1972, the wheated bourbon is now produced in collaboration with The Sazerac Company's Buffalo Trace distillery, a partnership that officially began in 2002. Does the whiskey merit the hype? That's not the point. Bourbon and hype had scant acquaintance before. Pappy changed that.

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CREDIT: ANDREW KUNG

"Single barrel" is a common bourbon category today, a term every bourbon lover knows (even if they don't always understand it). Blanton's was the first, debuting in 1984. It was the creation of Elmer T. Lee, a protégé of Albert Bacon

Blanton, and an employee of what would become Buffalo Trace distillery. He saw a future for premium bourbon when many did not. Lee plucked select barrels for their excellence and put the contents in a fine, fancy package, topped by an unmistakable metal stopper shaped like a horse and jockey. He then slapped an unheard-of-at-the-time \$25 price tag on it. Japan was the target market, but it slowly caught on in the U.S. Today, you'd be lucky to find a bottle. "Elmer T. Lee realized this type of whiskey could save the struggling category and asked the other distillers to follow suit," said Noah Rothbaum, the editor of the Daily Beast's drink and food section and the author of *The Art of American Whiskey*. Added whiskey writer Lew Bryson, "it didn't hurt that's it's exceptionally good whiskey."



CREDIT: COURTESY OF BEAM SUNTORY

The first widely embraced barrel-proof whiskey, Booker's, first available in 1988, was created by and named for Booker Noe, the grandson of Jim Beam, as well as Beam's master distiller from 1960 to 1992 and a modern bourbon legend. The liquid reflected the larger-than-life character of its creator. It was uncut and straight from the barrel and sold for an impressive \$40. He may have just been making the kind of whiskey he liked to drink, but he sparked a cask-strength phenomenon that continues today. Additionally, Noe's choice to name it after himself arguably helped usher in the modern age of the celebrity distiller. "Had Booker lived [to promote his bourbon more thoroughly]," posited Bryson, "he would arguably be bigger than Pappy Van Winkle—an outsized personality in an outsized man, bottling an outsized bourbon."

1. Maker's Mark.



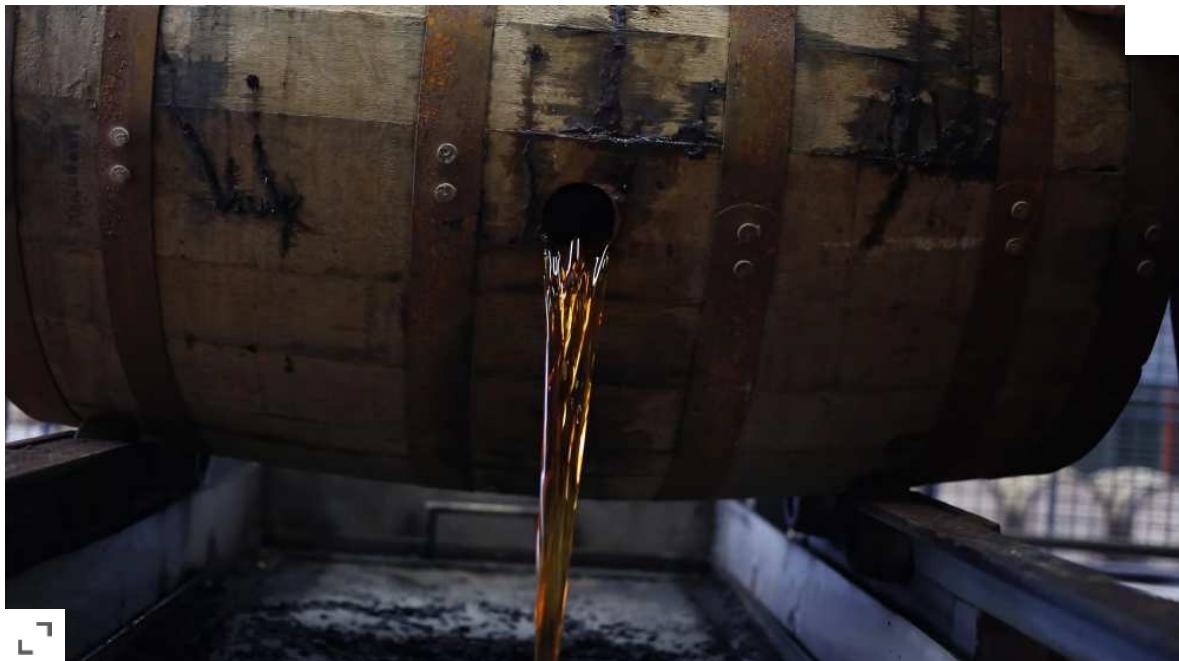
CREDIT: COURTESY OF MAKER'S MARK

The clear choice for the top spot among our panel of experts, chosen by 17 of the 23 people polled (including 8 of the 10 distillers), Maker's Mark can make multiple claims to the title of "most important." That iconic dripped-red-wax seal ("a

red dress in a sea of gray," said whiskey writer Fred Minnick); the remarkable bottle shape; the smooth, easy-to-like, wheated bourbon inside; the savvy marketing; and, most of all, the gutsy investment in bourbon's future at a time when it looked like the spirit might not have one. Bill Samuels Sr. launched Maker's in 1958. By the 1980s, it was bourbon's poster child, regarded (fairly or not) as a craft product amid a sea of industrial mediocrity. Maker's was many young drinkers' introduction to the spirit. Seasoned experts might scoff at the mild Maker's as "training wheels" bourbon, but the world embraced it as a premium good. It inspired devotion and connoisseurship among its devotees. Soon, the distillery itself became a tourist attraction, offering tours starting in 1968, long before "bourbon tourism" became a thing. Arguably, more than any other brand, it helped ignite the bourbon renaissance we all enjoy today.

Panel of Experts

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CREDIT: LUKE SHARRETT

DISTILLERS: WHISKEY WRITERS/HISTORIANS: WHISKEY BAR OWNERS/WHISKEY STORE OWNERS: Mike Miller, Delilah's, Chicago, IL Larry Rice, The Silver Dollar, Louisville, KY LeNell Camacho Santa Ana, LeNell's, Birmingham, AL Bill Thomas, Jack Rose Dining Saloon, Washington, DC

EXHIBIT 14

Truths



THE WALL STREET JOURNAL.

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VOL LX NO. 204 ★ ★

MIDWEST EDITION

FRIDAY, AUGUST 1, 1980

(H) 35 CENTS

Panicky Pots
More Democrats Fear
An Anti-Carter Sweep,
But Who Else Is There?

President Slips, Yet Kennedy
And Jackson Have Flaws;
Muskie, Mondale Outrun

Conventions Could Be Bloody

By James M. Rosen
and Charles H. Morris
With Special Report from Washington
WASHINGTON — "We've got to have it," says Edward Gruening, Williamsburg's
most ardent New Year's oratory, and most political
dissident. He means the Democratic convention
in Detroit next week, which will decide the party's
nominee for president. Gruening, a former Senate
minority leader, submitted his name to the
Democratic national nominating committee in April.
A number of other former state governors and
members of Congress offer a faint glimmer of
hope to the Democratic nomination committee
which convened earlier this month in Washington.
John Tunney, Illinois congressman, arrived
from a meeting in another, where he had
been chosen to speak at the convention.

"And addressing itself all of them in the
auditorium, Mayor of Boston Kevin [T.] O'Brien
had told the leadership what he wanted and
what people thought he wanted — and he
had agreed to do what he wanted."

"That's what I mean by 'we've got to have it.'

What's News—

Business and Finance

CARTERSVILLE reported a record loss of \$1.6 million for the second quarter and a 12% sales decline in its
furniture business. The profit is due to
the firm's market and estimated
expenses. The Carter's Loss during
the period gave the company an
\$80-million move to take guarantees
on the company.

Each member, attempting to cover
debtors' loss for 1980 models are said
to have retained about 70% free car
production activities for the third
quarter. That reduction would bring
about a 20% drop from experienced 1979

quarterly production figures.
The 1980 price cut beginning in
July, however, has been greater than
expected, leaving the market increasingly
overstocked, says Carter's Marketing
Director, Bill Cox and Cox.

Car prices surged 20% last
month, the largest increase since 1974.
In addition, hours between profit and
loss per unit for customers, were large
enough that losses increased.

World Wide

CARTERVILLE, Georgia — After the Carter
administration's budget proposal last week
that proposed cuts between 15% and 20% in
the budget of the International Development
Agency, Carter's World Bank offices
announced yesterday that they will now
raise their loan rates and estimated
expenses before telling the President. The
World Bank will then determine what to
say to Carter's report. However, the
International Development Agency's New York City

in Washington, D.C., Carter's World
Bank's chief financial officer, James W.
Lam, the 38-year-old economist, was charged
by a Justice Department official
that he had no legal powers to make
a presidential aide repeat and the administration
said he was prepared and eager to respond
to Carter's questions.

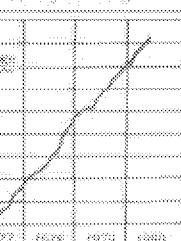
Senate passed Senate Finance 100-0
last night to allow the Senate to begin work on
the budget, particularly the budget cuts
for next year's defense spending.

The World Bank released figures of
current financial resources pending Carter's
budget. The agency's 1981 budget, which
was submitted to Congress last week, was
based on a 10% increase in 1980. Carter's
request, made on June 20, indicated that
the agency would receive a 10% cut. Most of the
agency's new funds would come from the
U.S. budget.

Interest rates on loans to developing
countries will rise from 7.5% to 8.5%.

Interest rates on loans to developing
countries will rise from 7.5% to 8.5%.

Hourly Earnings



World Bank Affiliate
Approves \$67.2 Million
In Loans to 4 Nations

By DAVID P. GANING
Staff Reporter of THE WALL STREET JOURNAL

LORTON, Ky. — Maker's Mark Distillery
has made its mark by going against the
grain in producing its premium-priced Maker's

Outward & Upward
Led by Food Prices,
Inflation Seems Likely
To Maintain Fast Pace

Hopes That Economic Slowdown
Will Get a Great Deal of
Drought, Other Big Crop

The Time Old lot's to Blame

By DAVID P. GANING
Staff Reporter of THE WALL STREET JOURNAL

WICHITA FALLS — After the
International Development Agency's budget
proposal last week, Carter's World Bank
offices in Washington, D.C., will now
raise their loan rates and estimated
expenses before telling the President.

Senate passed Senate Finance 100-0
last night to allow the Senate to begin work on
the budget, particularly the budget cuts
for next year's defense spending.

After the 10% cut made by the International
Development Agency's budget, Carter's World
Bank's chief financial officer, James W.
Lam, the 38-year-old economist, was charged
by a Justice Department official that he had no
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Maker's Mark Goes Against the Grain To Make Its Mark

**Bourbon Distiller Is a Model
Of Inefficiency by Choice
No Case for Fidel Castro**

By DAVID P. GANING
Staff Reporter of THE WALL STREET JOURNAL

LORTON, Ky. — Maker's Mark Distillery
has made its mark by going against the
grain in producing its premium-priced Maker's

Alta-Chailmers Forum
A Venture in Argentina

By DAVID P. GANING
Staff Reporter of THE WALL STREET JOURNAL

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Maker's Mark Goes Against the Grain To Make Its Mark

Bourbon Distiller Is a Model Of Inefficiency by Choice; No Case for Fidel Castro

By DAVID P. GARINO

Staff Reporter of THE WALL STREET JOURNAL

LORETTO, Ky.—Maker's Mark Distillery has made its mark by going against the grain.

In producing its premium-priced Maker's Mark bourbon, it continues to use an intricate six-year aging process and a small bottling line that are models of inefficiency. It distills only 19 barrels of bourbon daily, compared with hundreds distilled by other producers. Its ad budget is a meager \$1.2 million a year.

But most remarkably, its volume has more than quadrupled, to about 150,000 cases a year, in the past 10 years, while the overall bourbon industry's sales have slipped 26%, to 23.7 million cases.

With its growing reputation for high profitability despite its antiquated production system, Maker's Mark is understandably viewed with envy and lust by some other distillers and conglomerates. But when Maker's Mark is approached by a suitor, says T. William Samuels chairman, "I just won't talk to them." He represents the fourth generation of his family in the distillery business, and he wants the company to remain in the family.

Suitors Not Suitable

So potential suitors are left drooling on the sidelines. "If we had it in our stable," says one major distiller, "we'd promote the hell out of it" to fulfill its potential. But, the executive adds with a sigh, "Maybe they're happy doing what they're doing."

They are indeed. "We'll be satisfied with a steady 8% to 10% yearly growth, says the 70-year-old Mr. Samuels.

Competitors, meantime, will have to keep admiring Maker's Mark from afar. James "Buddy" Thompson, chairman of Glenmore Distilleries Co., observes, "Bill Samuels started from scratch and established a brand of superior quality with a fine image. It's a textbook case of superior marketing."

John Heilmann, who heads Norton Simon Inc.'s liquor operations, observes, "I'll pay Maker's Mark the consummate compliment: If I'm in a bar and it doesn't have any of our brands, Maker's Mark is my first choice." And he would probably pay a premium because Maker's Mark retails in Kentucky for \$8.75 for three-quarters of a liter, against \$5.70 for the popular Jim Beam bourbon.

Maker's Mark aims to keep its small cadre of fans loyal. And that, says Mr. Samuels's 40-year-old son, William Jr., president of the distiller, means "zero compromise on the quality of our whisky."

Unimposing Distillery

Nestled amid the rolling hills at "Happy Hollow" in this town of 1,000 about 60 miles from Louisville, the tiny Maker's Mark distillery is unimposing. It doesn't disclose its volume, but the estimate of 150,000 cases a year by industry sources compares with about 2.7 million cases turned out by the premium-priced Jack Daniel's, distilled by Brown-Forman. Total employment of Maker's Mark is 50.

Maker's Mark simmers its grain mash in cypress tanks for four hours, against the standard industry practice of half an hour. The whisky, stored in oak barrels, is rotated through its six-year aging process, starting at the top of a six-floor warehouse, and moving from warmer temperatures there to the cooler bottom floors.

"This is terribly labor intensive," says Sam K. Cecil, vice president for production and a 43-year industry veteran, "but that's the best way to make bourbon."

The production line, similarly, handles only 40 bottles a minute, compared with hundreds for competitors, mainly because the caps are sealed with a distinguishing hand-dipped red wax. An inspector with a magnifying glass examines bottles for imperfections and impurities.

Maker's Mark doesn't have a field sales force. Marketing is done mainly by Mr. Samuels Jr., Gus Silliman, senior vice president, and James Conn, national sales manager.

"The personal touch" has helped make the brand a success, says Ralph (Bud) Baldwin, Maker's Mark Chattanooga distributor. Not long ago he and Mr. Samuels Jr. in one day visited 20 of his 54 accounts.

"It isn't every day that the president of a company walks through a retailer's front door," Mr. Baldwin observes.

When the bourbon was first marketed in 1958, the elder Mr. Samuels tried to establish a classy image, and his first ad was a two-page spread in *New Yorker* magazine. Today, its advertising budget is targeted at newspapers, regional editions of magazines such as *Time*, *Playboy* and *Penthouse*, and

Please Turn to Page 14, Column 3

Maker's Mark Goes Against the Grain To Make Its Mark

Continued From First Page

specialty publications including Southern Living and Louisville Lawyer.

Its ad tag line is: "It tastes expensive . . . and is." Typical of its copy: "For those who ask how good a whisky is. Rather than how much."

The elder Mr. Samuels got into the distilling business naturally enough. A forebear brewed up whisky for Washington's militia during the Revolutionary War, and the family has seldom been far from that business ever since. Kentucky's leading distillers, the Beams, the Samuelses and John Shaunty, who owned Early Times, lived on the same street, known as "Whisky Row" in Bardstown, about 15 miles from here. Mr. Samuels Jr. recalls sitting on the knee of the legendary Jim Beam, listening to tales about the industry.

The father of Mr. Samuels Sr. built the T.W. Samuels brand into a leading whisky early this century, but after Prohibition, majority control was sold. Mr. Samuels Sr. left the industry in 1943 and sold bottling machinery for 10 years.

After the Korean War, many distillers were in trouble because they had built up big inventories in anticipation of government restrictions that never materialized. Mr. Samuels Sr. bought out a bankrupt distillery here, picking up 202 acres for only \$80,000.

Finding the family's traditional banker unwilling to back his venture, Mr. Samuels went to First National Bank of Louisville. Hubbard Buckner, retired senior vice president of the bank, recalls, "Since Prohibition, I had never known any bourbon maker who put out a legitimate product to fail. I knew Bill Samuels would have a superior bourbon."

Mr. Samuels says with a broad smile, "I'm probably the only distiller who threw the family's formula into the trash can. T.W. Samuels was a good whisky but it

wasn't unique." (It has long since disappeared from the marketplace.)

His new formula substituted more-expensive wheat for rye to give a smoother taste. Mr. Samuels draws a comparison between wheat and rye bread, with the latter having more bite. Among others, David Kay, president of Pet Inc.'s liquor retail chain, thinks the taste is different. "Maker's Mark is so mellow, an excellent sipping whisky," he says.

The naming of the brand was "as un-Madison Avenue as could be," Mr. Samuels recalls. While discussing possible names at Mr. Samuel's Bardstown home, an advertising executive noticed the craftsman's sign, or touchmark, on the bottom of a pewter mug. Hence, the name "Maker's Mark." The bottle features a circle encompassing an "S" for Samuels, a "IV" for fourth-generation distiller and a star for Star Hill Farm, the distillery property.

Distilling from scratch had a distinct disadvantage Mr. Cecil notes. "We couldn't sell drop one for six years," and before the first sale was made in 1958, "we were sitting on more than \$1 million of inventory."

It took 10 years to erase the initial deficits, but cumulative profit the past three years has exceeded all of the first 24 years, says Mr. Samuels Jr.

Politicians hereabouts show an affinity for Maker's Mark, says Kenneth E. Gregg, Louisville distributor for the bourbon. "It wouldn't be graceful to name them," he observes. But Tim Lee Carter, a Congressman from Kentucky, isn't bashful about his preference. Not long ago Dr. Carter on the House floor praised Maker's Mark as "that incomparable bourbon of bourbons." He had just won from Indiana Congressman John Myers a bottle of Maker's Mark when the University of Kentucky beat Indiana University in a basketball game.

Cuban Premier Fidel Castro also appears to be a fan. When Frankfort, Ky., Mayor John Sower and his wife, Phyllis, went to Havana on a national league of cities tour in 1978, Mr. Castro greeted the group at a governmental palace. When he learned that the Sowers were from Kentucky, he asked them to send him a bottle of Maker's Mark. Says Mrs. Sower, "We didn't—we think he's an S.O.B."

EXHIBIT 15

Visitors per Month: 1,660,995
Date: April 1, 2013
By: Staff

Morning Call

DAYTON BUSINESS JOURNAL

Maker's Mark picked as favorite bourbon

Date: April 1, 2013
By: Staff

Maker's Mark was named the overwhelming favorite bourbon of people who took part in an online poll this past week.

The popular bourbon with the famous red wax-topped bottle was chosen as the favorite by 42 percent of the 163 people who responded to the poll that ran last week on the Dayton Business Journal's Web site. Second place was Woodford Reserve, at a distant 19 percent, followed by Jim Beam with 9 percent and Knob Creek with 8 percent.

Note: Click here for full results of all the brands in the poll and read comments from voters. The results may be good news for one of the most famous Kentucky bourbons, which recently endured sharp criticism of a decision to lower the alcohol content in its bourbon from 45 percent to 42 percent. It had planned to lower the proof of its spirit to help offset increased demand and short supply, but reversed the decision after the outcry from its loyal customers.

Maker's Mark is owned by Beam Inc., and the industry is seeing a boom recently. Total revenue from Kentucky bourbon and Tennessee whiskey rose 7.3 percent on 2012, to \$2.2 billion. That popularity is evident in Dayton, as The Century Bar in downtown Dayton is enjoying a renaissance after a transformation into a bourbon bar. Click here for story from this week's premium edition.



Maker's Mark was named the overwhelming favorite bourbon of people who took part in an online poll this past week.

http://www.bizjournals.com/dayton/blog/morning_call/2013/04/makers-mark-picked-as-favorite-bourbon.html

EXHIBIT 16

Maker's Mark Bourbon Turns 50

Associated Press Online

February 26, 2004 Thursday

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Section: FINANCIAL NEWS

Length: 607 words

Byline: BRUCE SCHREINER; Associated Press Writer

Dateline: LORETTO, Ky.

Body

To signify a new beginning with a new recipe, bourbon maker Bill Samuels Sr. set fire to the family's 170-year-old formula, sparking an explosion that burned a hole in the ceiling and singed his daughter's hair.

Despite that inauspicious start 50 years ago, Maker's Mark bourbon whiskey eventually became a trendsetter from its tiny distillery, tucked in a valley in Kentucky's bourbon belt.

On Wednesday, Samuel's son presided over a ceremony that recreated the first ceremonial bottling a half-century ago and reminisced about his father's desire to create a distinguished bourbon whiskey.

"He was pretty excited," said Samuels Jr., a sixth-grader at the time who now runs the family distillery. "I found everybody else, they were just kind of going along with him. I don't know that anybody thought he had uncovered the Holy Grail."

Maker's is known for its distinctive red wax seal that is still hand dipped onto each bottle. The bourbon flows in bars and restaurants in cities around the world, and has gained a strong following, said Frank Walters, director of research for M. Shanken Communications, publisher of beverage trade journals.

"He single-handedly created the fine bourbon category," Walters said of Samuels Sr.

The recipe was created in an unlikely place - the Samuels family kitchen, where the elder Samuels experimented with bourbon recipes by baking bread. Samuels Jr. said his father deviated from tradition by substituting soft red winter wheat in place of rye, a staple ingredient for bourbon. The result was a soft, mellow flavor with no bitter aftertaste.

Samuels Jr.'s mother, Marge Samuels, thought of the brand's name, the shape of the bottle and its lettering and the wax seal. Walters said it was a stroke of marketing genius.

"Its red, dripping wax seal gives it a unique identity and reinforces an image of handcrafted quality," he said.

The family started with no customers for the new brand, and with bourbon sales in decline, the timing seemed bad. Sales amounted to only a couple thousand cases in 1959.

By 1967, when Samuels Jr. joined the operation, the distillery still had a negative net worth of about \$1 million. Sales that year totaled about 17,000 cases, and the brand had failed to gain a foothold beyond Kentucky. It was the son's job to find more customers, and it didn't take long for frustration to set in, despite his father's encouragement.

"He'd say, 'Just hang in there, the customers are just over the next hill,'" Samuels Jr. said.

Maker's Mark Bourbon Turns 50

Maker's got its big break in 1980 after The Wall Street Journal did a front-page story on the brand and it quickly surged in popularity. Since 1995, U.S. sales of Maker's Mark have risen almost 200 percent, Walters said.

Dale DeGroff, who once mixed drinks at the Rainbow Room in New York City, said Maker's is a versatile bourbon that has gained a strong following among young adults.

"You can't run a bar without Maker's," said DeGroff, who now provides beverage consulting services and does bar training seminars.

Despite the brand's broad appeal, Samuels Jr. limits production. Each batch ages about six years before bottling and he said a big production boost would compromise quality. About 80 batches are handcrafted each week and he expects to sell about 650,000 cases this year.

Samuels Jr. said he only wishes his father could see his success. The elder Samuels died in 1991, just as Maker's Mark was emerging as a national brand.

"If I could wish one thing, it wouldn't be for more business," Samuels Jr. said. "It would be that he could be here to see that all that heavy lifting he and mom did wasn't for naught."

On the Net:

Maker's Mark: <http://www.makersmark.com>

Load-Date: February 27, 2004

End of Document

EXHIBIT 17

Tripping < By Charyn Pfeuffer >



BOURBON, BARBECUE AND A TASTE OF HISTORY IN LOUISVILLE

Bourbon isn't just for Kentuckians. Recognized in the 1960s by Congress as a "distinctive product of the United States," a recent Senate resolution honored the tradition born of bootleggers by declaring September National Bourbon Heritage Month. Home of the Kentucky Derby, the Louisville Slugger, Diane Sawyer and Mohammed Ali, Louisville and its surroundings symbolize a Southern pace, style and soul that locals are eager to share. Master distiller David Pickerell has overseen the production of Maker's Mark bourbon (www.makersmark.com) in Loretto since 1994 and lives near Louisville. Pickerell encourages visitors to "give Louisville a chance — it's America's Smallest Big Town — or vice versa." Scenic in the spring, "flowers are popping up and everything is right with the world," he says. "We truly are the gem of Kentucky." The unassuming West Point graduate takes pride in every drop of bourbon he handcrafts and the place he calls home. Here's what he's most proud of:



**David
Pickrell**

The Maker's Mark distillery, which is open for tours and tastings, makes a great day trip from Louisville.

Historic hotel

"If you're looking for a scenic hotel with a tremendous sense of history, the Seelbach Hilton is the place to stay. The location is convenient, within crawling distance of Fourth Street Live, the city's nightlife and shopping district right across the street between Liberty and Muhammad Ali Boulevard. Opened around the turn of the century, the landmark property appears on the National Register of Historic Places and has attracted countless famous figures, including actors, athletes, presidents and gangsters like Al Capone. The hotel's posh ambience inspired writer F. Scott Fitzgerald to use the property as the backdrop for Tom and Daisy Buchanan's wedding in 'The Great Gatsby.' Films such as 'The Insider' and 'The Hustler' have also been shot here," 500

Fourth St., Louisville, (502) 585-3200.

Down-home 'cue

"Barbecue has a long tradition in Kentucky and one of my favorite places to enjoy the best of local barbecue is Bootleg Barbecue. They have killer, slow hickory-smoked B-B-Q — the pulled pork, available as a sandwich or to take home by the pound, is really, really good. Also try their made-from-scratch sides: Jo-Mama's green beans or down-home tater salad. I love to cook and eat and this place is fantastic!" www.bootlegbarbeque.net

Where Maker's Mark begins

"Designated a National Historic Landmark in 1980, the Maker's Mark Distillery is the oldest distillery continuously operating on its own site.

Visitors should plan on spending at least 1 to 1½ hours touring our Victorian village on the banks of Hardin's Creek. The structured tour shares every part of the bourbon-making process — from mashing to fermenting, with, of course, a tasting of the final product. The distillery is housed in a historic building and represents founder Bill Samuels' family home circa 1950. You'll see early marketing materials, historic photos, Mrs. Samuels' bread recipes and pewter collection and original sketches of the bottle. Visitors can also set up lunch at one of our picnic tables and explore our arboretum with more than 300 native Kentucky species. We understand that by the time you get to Loretteyou that you're not just giving us an hour or two of your time, but a big part of your day, so we want to make sure you have enough fun to warrant a visit an hour or so out of Louisville."

For bourbon lovers

"Legally, several conditions are necessary for bourbon to be called true bourbon whiskey. The best way to understand the production of bourbon and to experience the differences between the various distilleries is to visit the Kentucky Bourbon Trail (www.kybourbon.com). You can make a day of it and tour all six historic distilleries or, if you're strapped for time, just do half. The trail takes you to Heaven Hill, Wild Turkey, Four Roses, Jim Beam, Buffalo Trace and Maker's Mark, and most of the places offer free guided tours, and even better, free tastings.

"The way I prefer to enjoy Maker's Mark is sitting by a fire with a good book and a generous pour of Maker's Mark served shaken over ice and strained back into a glass — neat, but a little cold."

Charyn Pfeuffer is a Carmel Valley writer. She contributes regularly to Chronicle Magazine, Destination Weddings & Honeymoons, Relish and Where.

From here to there

Round-trip tickets from San Francisco to Louisville International Airport hover around \$200 a pop - priced right for a weekend getaway. From San Francisco check-in to curbside arrival in Kentucky (with a quick connection through George Bush Intercontinental in Houston), the trip should take no more than six hours.



Source: ESR

The Chronicle

Slightly more than an hour's drive outside of Louisville is Loretto — population: 623, home of the Maker's Mark Distillery. From Louisville, drive through bluegrass country: take Interstate 65 south to exit 112, Highway 245 East to Bardstown, U.S. 150 East through center of Bardstown to KY 49 South to KY 52 East to Loretto, follow the well-marked brown signs. When you get into Loretto, allow ample time for stops at the Jim Beam Distillery (www.jimbeam.com), Burnheim Arboretum and Research Forest (www.burnheim.org), and Oscar Getz Museum of Whiskey History (www.whiskeymuseum.com).

Droves of Maker's Mark ever-faithful ambassadors descend upon Loretto for their annual Homecoming, held three weeks before the Kentucky Derby (you can sign up to become an ambassador online). Or come for the family oriented 17th annual Kentucky Bourbon Festival, held the third Saturday of September in nearby Bardstown (KyBourbonFestival.com).

Travel

Bourbon, barbecue and a taste of history in Louisville

Charyn Pfeuffer

Updated: Feb. 9, 2012 10:48 p.m.



Maker's Mark / Gary Lee

1 of 3

• • •

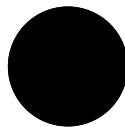
For a Louisville side trip, the Maker's Mark Distillery is open for tours and tastings. What makes Maker's different is its highbrow image. Illustrates TRAVEL-LOUISVILLE (category t), by Gary Lee (c) 2006, The Washington Post. Moved Tuesday, Aug. 22, 2006. (MUST CREDIT: Maker's Mark.) Ran on: 01-27-2008 David Pickerell

MAKER'S MARK

Bourbon isn't just for Kentuckians. Recognized in the 1960s by Congress as a "distinctive product of the United States," a recent Senate resolution honored the tradition born of bootleggers by declaring September National Bourbon Heritage Month. Home of the Kentucky Derby, the Louisville Slugger, Diane Sawyer and Mohammed Ali, Louisville and its surroundings symbolize a Southern pace, style and soul that locals are eager to share. Master distiller David Pickerell has overseen the production of Maker's Mark bourbon (www.makersmark.com) in Loretto since 1994 and lives near Louisville. Pickerell encourages visitors to "give Louisville a chance - it's America's Smallest

Big Town - or vice versa." Scenic in the spring, "flowers are popping up and everything is right with the world," he says. "We truly are the gem of Kentucky." The unassuming West Point graduate takes pride in every drop of bourbon he handcrafts and the place he calls home. Here's what he's most proud of:

Historic hotel



"If you're looking for a scenic hotel with a tremendous sense of history, the Seelbach Hilton is the place to stay. The location is convenient, within crawling distance of Fourth Street Live, the city's nightlife and shopping district right across the street between Liberty and Muhammad Ali Boulevard. Opened around the turn of the century, the landmark property appears on the [National Register of Historic Places](#) and has attracted countless famous figures, including actors, athletes, presidents and gangsters like [Al Capone](#). The hotel's posh ambience inspired writer [F. Scott Fitzgerald](#) to use the property as the backdrop for Tom and Daisy Buchanan's wedding in 'The Great Gatsby.' Films such as 'The Insider' and 'The Hustler' have also been shot here." 500 Fourth St., Louisville, (502) 585-3200.

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Most Popular

'Constant party house': Neighbors angered by Tahoe Airbnb homes

Supreme Court lays out path to help Trump win a contested race

San Francisco restaurateur and culinary pioneer Cecilia Chiang has died

2 patients, 3 staff test positive for COVID-19 at UCSF

The world's first thrill ride once towered over San Francisco's Haight Street

'A San Francisco civic treasure': Bay Area radio legend Barbara Taylor dies

3 East Coast states require California visitors to quarantine for 2 weeks again

For bourbon lovers

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EXHIBIT 18



Maker's Mark Bourbon is on Fire as It Reaches the Half-Century Mark

February 25, 2004 11:16 AM Eastern Standard Time

LORETTO, Kent.--(BUSINESS WIRE)--Feb. 25, 2004--

2004 Will Mark The 50TH Anniversary Of The Product That Invented The 'Fine Bourbon' Category...And Became An American Icon Along The Way

Fifty years ago at a farmhouse near this rural village, Bill Samuels Sr., a sixth generation Kentucky distiller, burned his family's 160-year-old bourbon recipe. Relying on old-fashioned American craftsmanship, he then produced the first batch of bourbon according to his new formula. No one realized it at the time, but Mr. Samuels had single-handedly created the 'fine bourbon' category that eventually would enable other distillers to follow Maker's Mark's lead in transforming bourbon's image from crass to class.

These days, Maker's Mark bourbon is on fire, both literally and figuratively. The brand continues to experience rapidly increasing consumer demand, thanks to the phenomenon that has built the brand since its birth: fanatical fans who spread the word, as well as the curious who want to discover what the fanatics are talking about. And on February 25 - the date that started it all - a fire will once again be set at the historic Loretto distillery as Maker's Mark celebrates the 50th anniversary of the event that brought "good taste" and "tastes good" together for the first time in Kentucky bourbon.

In 1954, saying he was fed up with the spirit's prevailing back-water image and rough taste, Bill Samuels Sr. set out to create a good-tasting bourbon that he personally loved and cared about. "My father succeeded at doing just that," said Bill Samuels Jr., president of Maker's Mark. "What he never expected was for Maker's Mark to lead a dramatic change in Americans' taste and attitude toward bourbon. He also never expected that Maker's would become a spirits icon -- first in Kentucky and the South, and now across the entire U.S."

The Maker's Mark anniversary celebration, which will include both past and present distillery employees, as well as a few special friends, will feature reenactments of actual events associated with the product's creation, from the recipe formulation process using bread-baking to the burning of the old family recipe (an act that nearly torched the distillery and Mr. Samuels' daughter's hair!). Convinced that his family's old recipe was not the answer, Bill Samuels Sr. experimented with different grain

formulas by baking hundreds of loaves of bread until he found the right balance and the gentle taste he was looking for. Samuels Sr. burned the recipe after deciding he had struck gold by using soft red winter wheat, instead of spicier, bitter tasting rye, as was the age-old custom. The rest is history.

What started out as one man's quest to produce a better-tasting bourbon, eventually became an experience that Americans discovered and embraced. Maker's Mark fans from across the country have driven the brand's unprecedented growth by demonstrating their passion for this first authentic premium bourbon, and then sharing it with their friends.

Audrey Saunders, renowned master mixologist and beverage director at New York's Carlyle Hotel, stated, "Maker's Mark is an incredible bourbon that created and defined the premium bourbon category. Fifty years of fine craftsmanship opened the door for newer entries. But without Maker's Mark, bourbon would still be seen as a cheap drink for those who cared little or nothing for taste. Maker's Mark is in a class by itself and is the perfect spirit for bourbon novices and aficionados alike, as well as for those who seek an ideal accompaniment to a fine meal."

According to the Distilled Spirits Council of the United States, Maker's Mark holds a 77% share of the U.S. fine bourbon market. In a bourbon category experiencing relatively flat sales, fine bourbon has experienced high double-digit sales growth annually since 1996, as other bourbon distilleries followed in the footsteps of Maker's Mark and began to offer more upscale products.

"Maker's Mark consumers are fanatical in their love for this brand. It is rare when you see a spirits product garnering such devotion among the general public, ranging from folks in their mid-twenties to those in their fifties," said Joe Congiusti, spirits specialist for Binny's Beverage Depot, one of Chicago's largest spirits retailers.

"Americans are returning to what many are calling the 'Cocktail Culture.' With that, they are seeking out spirits brands with great taste that are also very mixable. Maker's Mark has been doing that for 50 years," said Julie Reiner, owner of the Flatiron Lounge in Manhattan.

"The Maker's Mark Manhattan is a classic cocktail that has seen a real resurgence over the past three years. And, with the rising popularity of the mojito, we have seen bar calls for Maker's Mark Mint Juleps, a longtime Kentucky favorite, also increase."

Maker's Mark bourbon is a destination for its fans, and so is the place where it has been made for the last fifty years. The Loretto, Kentucky distillery was designated a National Historic Landmark in 1980, becoming the first distillery in America to be so recognized. Everyone at Maker's Mark takes pride in the bourbon they produce, from accepting a grain delivery to hand dipping the red wax seal on each bottle - a personal touch is part of every drop.

Of the nation's bourbon distilleries, Maker's Mark is the oldest bourbon distillery on its original site, and a key stop on the Kentucky Bourbon Trail. Throughout 2004, Maker's Mark intends to incorporate the re-enactment of the burning of the original family recipe into the distillery tours, which are open to the public and run regularly, seven days a week. For distillery tour information, please visit www.redwax.com.

Maker's Mark is produced at the Maker's Mark Distillery and distributed by Allied Domecq Spirits, USA.

We Make Our Bourbon Carefully. Please Enjoy It
That Way.

Maker's Mark Bourbon Whisky: 45% Alc./Vol.
Distilled, Aged And Bottled By The Maker's Mark
Distillery, Inc.,
Loretto, Kentucky

Contacts

Allied Domecq Spirits, USA

David Karraker, 203-221-5573

david_karraker@adsw.com

or

Evins Communications

Naomi Burton Isaacs, 212-688-8200, x19

naomi.burton@evins.com

EXHIBIT 19

EDITORS' PICK | 58,653 views | Apr 22, 2020, 01:44pm EDT

These Are The 10 Best-Selling Bourbons, According To Drizly—And No. 1 Is Shocking



Fred Minnick Senior Contributor
Spirits
I cover spirits, the drinks culture and business.



Bourbon sales are up across the board. FAIRFAX MEDIA VIA GETTY IMAGES

I've been covering American whiskey for more than a decade, and one of the most absolutely frustrating aspects of this beat is the lack of reliable data.

Most sources of sales are self-reported, meaning the accuracy is only as reliable as the truth behind brands and retailers. Do they really report accurately?

The online ordering / delivery service **Drizly**, however, is keeping tabs on who's buying what in its 2,200 adult beverage retailers across 31 states. And while this data is based on deliveries, it's the most complete sales analytics I've seen and trust.

My interest was piqued when CEO Cory Rellas said they keep sales data on the **Bourbon Pursuit** podcast and fortunately, they provided the following data exclusively to **Forbes.com**.

Most Popular In: Dining & Drinking

^

When Should A Band Start A Whiskey? Slipknot Knows

Best Bourbons and Whiskeys of 2020.... So...



Drizly said millennials (ages 23-38) made up more than half of all bourbon sales on Drizly at 57%. GenX (ages 39-54) has the second highest share at 32%, followed by boomers (ages 55+) at 10% and GenZ (ages 21-22) at 1% of all bourbon sales.

“When looking at the overall liquor category on Drizly, many markets in Kentucky, Tennessee, and Florida often order a higher percentage of bourbon than the rest of North America on average,” said Liz Paquette, Head of Consumer Insights at Drizly. “Louisville bourbon share sits around 36.12% on average over the last 12 months for example, with Knoxville, Lexington, Chattanooga, Nashville, and Memphis all sitting at over 20% of liquor share. Of our major markets, we’ve seen the biggest increase in bourbon share of liquor category sales in Boston over the last 4 weeks – coming up from a 14.62% average in the last 12 months to 15.97% in the last 4 weeks (+1.35%).”

When analyzing the overall categories (beer, wine, liquor and extras), Drizly said bourbon makes up 6.29% of share with Chattanooga, Tennessee, being the largest market for bourbon.

“When looking at share by gender, we are seeing men purchase bourbon significantly more than women,” Paquette says. “Over the last 12 months, men make up 70.22% of all bourbon sales while women make up 29.78% of sales.”

Top 10 bourbons over the last 12 months (based on number of units sold):



Bulleit is the bestselling bourbon, according to Drizly. GETTY IMAGES FOR BULLEIT FRONTIER WHISKEY

- 1. Bulleit**
- 2. Maker's Mark**
- 3. Woodford Reserve**
- 4. Jack Daniel's (yes, Jack is considered a bourbon sku)**



Beam Suntory has four of the top 10 bourbons, according to Drizly: Maker's Mark, Jim Beam White, ... [+] GETTY IMAGES

5. Jim Beam

6. Basil Hayden's

7. Four Roses

8. Evan Williams

9. Buffalo Trace

10. Knob Creek

So, why is this list so shocking?

First of all, Drizly's consumers skew younger, with the majority of their consumers under the age of 38. That makes Bulleit their pick in the medium of the future—online ordering. Second, in the last major public data release, Bulleit finished 12 in this widely [2018 reported study](#) from market research firm IRI. And lastly, Bulleit's gone through a public relations [nightmare](#) in the past couple years, with the founder, Tom Bulleit, stepping down amidst allegations from [his daughter](#) that led to [boycotts](#) across the country.

Thus, Bulleit's standing atop the Drizly leaderboard is shocking. But the Diageo-owned brand has some amazing new whiskey hitting the shelves, including the Bulleit Blenders' Select, which is on my shortlist for [Whiskeys of the Year](#) so far, and a relentless sales team that apparently understands how to reach millennial consumers who order through Drizly.

Fred Minnick is a longtime whiskey writer and personality. Watch his 2020 Whiskeys of the Year So far video on YouTube, follow him on Instagram and sign up for his free drinks newsletter.

Follow me on Twitter or LinkedIn. Check out my website.



Fred Minnick

Follow

After serving in Iraq, I discovered a career in bourbon, where I followed distillers and broke news in a category blossoming before my very eyes. This passion led to my... [Read More](#)

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EXHIBIT 20

 KeyCite Yellow Flag - Negative Treatment

Declined to Follow by [Christian Louboutin S.A. v. Yves Saint Laurent America Holdings, Inc.](#), 2nd Cir.(N.Y.), September 5, 2012

679 F.3d 410

United States Court of Appeals,
Sixth Circuit.

MAKER'S MARK DISTILLERY,
INC., Plaintiff–Appellee,

v.

DIAGEO NORTH AMERICA, INC., Defendant,
Tequila Cuervo La Rojeña, S.A. De C.V.; [Jose Cuervo International, Inc.](#); Casa Cuervo,
S.A. De C.V., Defendants–Appellants.

Maker's Mark Distillery, Inc., Plaintiff–Appellee,
v.

Diageo North America, Inc., Defendant–Appellant,
Tequila Cuervo La Rojeña, S.A. De
C.V.; [Jose Cuervo International, Inc.](#);

Casa Cuervo, S.A. De C.V., Defendants.

Maker's Mark Distillery, Inc., Plaintiff–Appellee,
v.

Diageo North America, Inc.; Tequila
Cuervo La Rojeña, S.A. De C.V.; [Jose Cuervo International, Inc.](#); Casa Cuervo,
S.A. De C.V., Defendants–Appellants.

Nos. 10–5508, 10–5586, 10–5819.

|
Argued: Dec. 1, 2011.

|
Decided and Filed: May 9, 2012.

Synopsis

Background: Bourbon distiller brought action against competitor, alleging that competitor violated distiller's registered trademark consisting of a red dripping wax seal when competitor produced and distributed tequila bottles capped with a red dripping wax seal. The United States District Court for the Western District of Kentucky, [John G. Heyburn II](#), J., found that the red dripping wax seal was a valid trademark, and that competitor had infringed the mark, and issued an injunction,  [703 F.Supp.2d 671](#), and, in a separate opinion, awarded distiller some of its costs, [2010 WL 2651186](#). Competitor appealed.

Holdings: The Court of Appeals, [Boyce F. Martin, Jr.](#), Circuit Judge, held that:

[1] district court's factual findings under the likelihood-of-confusion analysis were not clearly erroneous;

[2] balance of factors in the likelihood-of-confusion analysis compelled a finding of infringement; and

[3] district court did not abuse its discretion in awarding some costs to distiller.

Affirmed.

Procedural Posture(s): On Appeal.

West Headnotes (25)

[1] [Federal Courts](#)  Questions of Law in General

[Federal Courts](#)  Intellectual property

In a trademark case, the Court of Appeals reviews a district court's factual findings for clear error and legal conclusions de novo.

[1 Cases that cite this headnote](#)

[2] [Trademarks](#)  Functionality

A trademark is “functional,” supporting an invalidity finding under the Lanham Act, if it is essential to the use or purpose of the article or if it affects the cost or quality of the article. Lanham Act, § 15, [15 U.S.C.A. § 1115\(b\)\(8\)](#).

[6 Cases that cite this headnote](#)

[3] [Trademarks](#)  Markets and territories; competition

[Trademarks](#)  Relationship between parties or actors using marks

Confusion of sponsorship, as a kind of trademark infringement, occurs where the goods do not directly compete; in this situation, the goods are unrelated enough that no inference arises that

they originated from the same source, but the similarity of the trademarks erroneously suggests a connection between the sources.

[4] **Trademarks** Infringement

A court considering a claim for trademark infringement must determine the likelihood of consumer confusion.

[3 Cases that cite this headnote](#)

[5] **Trademarks** Factors considered in general

The factors a court should consider in determining the likelihood of consumer confusion on a trademark infringement claim are: (1) strength of the plaintiff's mark; (2) relatedness of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines.

[16 Cases that cite this headnote](#)

[6] **Trademarks** Persons confused; circumstances of sale

A court assesses each factor in the likelihood-of-consumer-confusion analysis on a trademark infringement claim with respect to the relevant consumer market; potential buyers of the junior product are the relevant consumers.

[4 Cases that cite this headnote](#)

[7] **Trademarks** Strength or fame of marks; degree of distinctiveness

To evaluate the strength factor under the likelihood-of-consumer-confusion analysis on a trademark infringement claim, a court focuses on the distinctiveness of a mark and its recognition among the public.

[16 Cases that cite this headnote](#)

[8] **Trademarks** Strength or fame of marks; degree of distinctiveness

A mark is strong, in the context of a likelihood-of-confusion analysis, if it is highly distinctive, i.e., if the public readily accepts it as the hallmark of a particular source; it can become so because it is unique, because it has been the subject of wide and intensive advertisement, or because of a combination of both.

[5 Cases that cite this headnote](#)

[9] **Trademarks** Strength or fame of marks; degree of distinctiveness

Because the strength of a trademark for purposes of the likelihood-of-confusion analysis depends on the interplay between conceptual and commercial strength, the existence of inherent distinctiveness is not the end of the inquiry; thus, although inherent distinctiveness may provide powerful support for the strength of a mark, the full extent of that support nonetheless depends on the scope of commercial recognition.

[19 Cases that cite this headnote](#)

[10] **Trademarks** Particular cases

District court did not clearly err in its evaluation of the strength of bourbon distiller's registered trademark consisting of a red dripping wax seal, for purposes of likelihood-of-confusion analysis in distiller's trademark infringement action; from the physical characteristics of the mark, the district court specifically found the red dripping wax seal to be inherently distinctive based on its uniqueness and its potential to draw in the customer in an unusual manner, and, as to commercial recognition, the district court found the seal acquired secondary meaning through 50 years of use, extensive advertising, and consumer recognition, and the district court also found that the distiller's advertising was intensive, citing the extent of the distiller's advertising budget that focused almost entirely on branding the red dripping wax, as well as the significant public attention that the wax seal had received through the media.

[5 Cases that cite this headnote](#)

[11] Trademarks Strength or fame of marks; degree of distinctiveness

Extensive third-party uses of a trademark may substantially weaken the strength of a mark under the likelihood of consumer confusion analysis on a trademark infringement claim.

[8 Cases that cite this headnote](#)

[12] Trademarks Consumer data and market research; tests and surveys

While survey evidence is the most direct and persuasive evidence of whether a mark has acquired secondary meaning under the likelihood of consumer confusion analysis on a trademark infringement claim, consumer surveys are not a prerequisite to establishing secondary meaning; nor is such evidence indispensable to the broader question of commercial recognition.

[2 Cases that cite this headnote](#)

[13] Trademarks Examination and comparison; construction as entirety

In assessing similarity of the marks for purposes of the likelihood-of-confusion analysis in a trademark infringement action, courts must determine whether a given mark would confuse the public when viewed alone, in order to account for the possibility that sufficiently similar marks may confuse consumers who do not have both marks before them but who may have a general, vague, or even hazy, impression or recollection of the other party's mark.

[7 Cases that cite this headnote](#)

[14] Trademarks Particular cases

District court did not clearly err, in bourbon distiller's action against competitor alleging infringement of its registered trademark consisting of a red dripping wax seal, by finding that similarity factor of likelihood-of-confusion analysis narrowly favored distiller, and that, though very few consumers would have bought

one product believing it was the other, the seals were facially similar; although competitor focused its argument on the relevance of the house marks, i.e., product labels identifying the name of the manufacturer, on the bottles, testimony in the record indicated that many consumers were unaware of the affiliations between brands of distilled spirits, and that some companies produced multiple types of distilled spirits.

[1 Cases that cite this headnote](#)

[15] Trademarks Trade dress

District court did not clearly err, in bourbon distiller's action against competitor alleging infringement of its registered trademark consisting of a red dripping wax seal, by finding the lack of actual confusion evidence non-determinative in the likelihood-of-confusion analysis; competitor's product was sold for a short time and in limited quantities, and under those circumstances, it was reasonable that no meaningful evidence of actual confusion was available.

[1 Cases that cite this headnote](#)

[16] Federal Courts Intellectual property

The Court of Appeals reviews de novo the legal question of whether the district court's factual findings constitute a likelihood of confusion in a trademark infringement action.

[1 Cases that cite this headnote](#)

[17] Trademarks Strength or fame of marks; degree of distinctiveness

In general, the stronger the mark, all else equal, the greater the likelihood of confusion in a trademark infringement action.

[1 Cases that cite this headnote](#)

[18] Trademarks Markets and territories; competition

Where the goods are somewhat related but not competitive, the likelihood of confusion in a

trademark infringement action will turn on other factors.

[19] **Trademarks** Similarity or dissimilarity in general

The similarity of the senior and junior marks is a factor of considerable weight in the likelihood-of-confusion analysis on a trademark infringement claim.

[3 Cases that cite this headnote](#)

[20] **Trademarks** Actual confusion

Trademarks Actual confusion

A lack of actual confusion evidence is rarely significant in a likelihood-of-confusion analysis in a trademark infringement action, and the factor of actual confusion is weighted heavily only where there is evidence of past confusion, or perhaps, when the particular circumstances indicate such evidence should have been available.

[1 Cases that cite this headnote](#)

[21] **Trademarks** Knowledge, intent, and motives; bad faith

Intent is an issue whose resolution may benefit only the cause of the senior user, not of an alleged infringer in a trademark infringement action.

[22] **Trademarks** Particular cases

Balance of factors in the likelihood-of-confusion analysis compelled a finding of infringement, in bourbon distiller's action against competitor alleging infringement of its registered trademark consisting of a red dripping wax seal; majority of the factors, strength, relatedness of goods, similarity, and marketing channels, favored distiller, and, although the "likely degree of purchaser care" factor clearly favored competitor, that factor alone did not override the extreme strength of the mark, coupled with similarity, and combined with two other factors weighing in distiller's favor.

[3 Cases that cite this headnote](#)

[23] **Federal Courts** Costs and attorney fees

Federal Courts Definite and firm conviction of mistake

The Court of Appeals reviews a district court's decision to award costs under an abuse of discretion standard; generally, finding an abuse of discretion would require the lower court ignoring the criteria set by the circuit or otherwise a certainty on the Court of Appeals' part that a clear error in judgment was committed.

[2 Cases that cite this headnote](#)

[24] **Federal Civil Procedure** Prevailing party

A party is the "prevailing party," under rule providing that costs should be allowed to the prevailing party, where (1) it receives at least some relief on the merits of its claim, and (2) there is a judicially sanctioned change in the legal relationship of the parties. [Fed.Rules Civ.Proc.Rule 54\(d\), 28 U.S.C.A.](#)

[15 Cases that cite this headnote](#)

[25] **Trademarks** Costs

District court did not abuse its discretion in awarding some costs to bourbon distiller, as a prevailing party in its trademark infringement action against competitor; distiller won on the merits of its infringement claim and secured an injunction against competitor, which was a judicially sanctioned change in the relationship between the parties. [Fed.Rules Civ.Proc.Rule 54\(d\), 28 U.S.C.A.](#)

[9 Cases that cite this headnote](#)

Attorneys and Law Firms

***414 ARGUED:** [Michael Aschen](#), Abelman Frayne & Schwab, New York, New York, [J. Kevin Fee](#), Morgan, Lewis & Bockius LLP, Washington, D.C., for Appellants. [Edward](#)

T. Colbert, Kenyon & Kenyon LLP, Washington, D.C., for Appellee. ON BRIEF: Michael Aschen, Anthony A. Coppola, Abelman Frayne & Schwab, New York, New York, J. Kevin Fee, Morgan, Lewis & Bockius LLP, Washington, D.C., Michael A. Valenti, John E. Hanley, Valenti Hanley & Robinson, PLLC, Louisville, Kentucky, John S. Reed, Reed Weitkamp Schell & Vice, PLLC, Louisville, Kentucky, for Appellants. Edward T. Colbert, Kenyon & Kenyon LLP, Washington, D.C., R. Gregg Hovious, John David Dyche, Fultz, Maddox, Hovious & Dickens PLC, Louisville, Kentucky, for Appellee.

Before: MARTIN, MOORE, and COOK, Circuit Judges.

OPINION

BOYCE F. MARTIN, JR., Circuit Judge.

Justice Hugo Black once wrote, “I was brought up to believe that Scotch whisky would need a tax preference to survive in competition with Kentucky bourbon.” *Dep’t of Revenue v. James B. Beam Distilling Co.*, 377 U.S. 341, 348–49, 84 S.Ct. 1247, 12 L.Ed.2d 362 (1964) (Black, J., dissenting). While there may be some truth to Justice Black’s statement that paints Kentucky bourbon as such an economic force that its competitors need government protection or preference to compete with it, it does not mean a Kentucky bourbon distiller may not also avail itself of our laws to protect its assets. This brings us to the question before us today: whether the bourbon producer Maker’s Mark Distillery, Inc.’s registered trademark consisting of its signature trade dress element—a red dripping wax seal—is due protection, in the form of an injunction, from a similar trade dress element on Casa Cuervo, S.A. de C.V.’s Reserva de la Familia tequila bottles. We hold that it is. The judgments of the district court in this trademark infringement case are AFFIRMED.

I.

All bourbon is whiskey, but not all whiskey is bourbon.¹ Whiskey, like other distilled spirits, begins as a fermentable mash, composed of water and grains or other fermentable ingredients. The mash is heated and then cooled, yeast is introduced to ferment the sugars in the mash, and the yeast turns the sugars into alcohol and carbon dioxide. This now-alcoholic liquid is then distilled to concentrate the alcohol. GARY REGAN & MARDEE HAIDIN REGAN, THE

BOURBON COMPANION 32–33 (1998). The composition of the mash, and the aging, treating, and flavoring of the distilled alcohol, determine the flavor, color, and character of the distilled spirit. In the case of bourbon, the corn-based mash *415 and aging in charred new oak barrels impart a distinct mellow flavor and caramel color. Distillers compete intensely on flavor, but also through branding and marketing; the history of bourbon, in particular, illustrates why strong branding and differentiation is important in the distilled spirits market.

The legend of the birth of bourbon is not without controversy: “As many counties of Kentucky claim the first production of Bourbon as Greek cities quarrel over the birthplace of Homer.” H.F. WILLKIE, BEVERAGE SPIRITS IN AMERICA—A BRIEF HISTORY 19 (3d ed. 1949). The generally accepted and oft-repeated story is that “the first Bourbon whiskey ... made from a mash containing at least fifty percent corn, is usually credited to a Baptist minister, The Reverend Elijah Craig, in 1789, at Georgetown, [Kentucky],” just prior to Kentucky’s joining the Union as a state in 1792. *Id.* But it is more likely that Kentucky whiskey was first distilled at Fort Harrod, the first permanent European settlement in what is now Kentucky, in 1774. CHARLES K. COWDERY, BOURBON, STRAIGHT: THE UNCUT AND UNFILTERED STORY OF AMERICAN WHISKEY 3–4 (2004); accord WILLKIE, *supra*, at 19. Kentucky’s settlers distilled whiskey using methods similar to those “used in Scotland and Ireland for hundreds of years,” WILLKIE, *supra*, at 20, except that Kentucky whiskey was made mostly from corn, a crop unknown to Europeans before Columbus ventured to America. COWDERY, BOURBON, STRAIGHT, *supra*, at 2. Though “most [American] colonial whiskey was made from rye,” *id.* at 3, corn was easy to grow in Kentucky soil, and surplus corn was often used to make whiskey. *Id.* at 4.

The name “bourbon” itself is easier to trace: one of the original nine counties of Kentucky was Bourbon County, WILLKIE, *supra*, at 20, named in honor of the French royal family. Charles K. Cowdery, *How Bourbon Whiskey Really Got Its Famous Name*, BOURBON COUNTRY READER, July 1996. “[Kentucky] whiskey was shipped from Limestone, a riverside port in Bourbon County,” down the Ohio river to the Mississippi, bound for New Orleans. REGAN & REGAN, *supra*, at 14. Whiskey shipped from the port in Bourbon County came to be known as “Old Bourbon,” and later, simply “Bourbon,” to distinguish it from Pennsylvania Rye or other whiskeys. Cowdery, *How Bourbon Whiskey Really Got Its Famous Name*, *supra*. The

name “bourbon” at that time meant whiskey made from mostly corn in Kentucky or points west. But it was likely not until “sometime between 1823 and ... 1845” that Dr. James Crow “perfect[ed] the sour-mash method of whiskey-making”—the dominant process in use today that, when coupled with aging in charred new oak barrels, produces modern bourbon’s familiar caramel color and distinctive taste. REGAN & REGAN, *supra*, at 15.

While in the early years “[w]hiskey was whiskey, as everybody knew,” some bourbon distillers began to brand their bourbons to capitalize on the differences between “[g]ood Kentucky Bourbon” and all the rest. WILLKIE, *supra*, at 22. Dr. Crow, a Kentuckian by way of Scotland, “insist[ed] upon strict sanitation in his manufacture,” and branded his bourbon with his name; other Kentucky families followed suit in an effort to differentiate their products. *Id.* Crow’s branding tactics seem to have worked, as his bourbon accumulated prominent fans. For example, bourbon drinker Ulysses S. Grant preferred Old Crow over other bourbons, Julia Reed, *Bourbon's Beauty*, NEWSWEEK, Dec. 21, 2008, as did all three of Congress’s “Great Triumvirate,” Henry Clay, John C. Calhoun, and Daniel Webster. GERALD CARSON & MIKE VEAH, THE SOCIAL HISTORY OF BOURBON 47 (2010).

*416 Success attracts imitators, and in the late nineteenth century “rectifiers” began to crowd the market, selling “a product that they would call ‘Kentucky Bourbon’ using neutral spirits, flavoring agents and artificial coloring with only some aged whiskey in the product.” Mike Veach, *The Taft Decision*, THE FILSON, Winter 2009, at 4. A hotly contested legal and lobbying war between the rectifiers and traditional “straight whiskey” distillers erupted, culminating in President William Taft’s official interpretation, in 1909, of the 1906 Pure Food and Drug Act; Taft’s interpretation settled the question of what spirits could be labeled as “whiskey.” *Id.* The rectifiers lost and were required to label their product “imitation whiskey.” See *id.*; see also H. Parker Willis, *What Whiskey Is*, MCCLURE'S MAGAZINE, 1909–10, at 687–903. The ruling only increased distillers’ incentives to differentiate themselves and their products. “Before the Taft ruling, few brands were nationally known.... But, under the new regulations, labels had to tell both the process and materials of manufacture. Whiskey ... now began to appear under distinctive labels, competing with other brands on its own merits.” WILLKIE, *supra*, at 26. After Prohibition was repealed, the distilled spirits industry consolidated and matured, *id.* at 27, and bourbon continued to attract notable

adherents. Ian Fleming, the writer who created the James Bond character that famously favored martinis, switched from martinis to bourbon as his drink of choice. John Pearson, *Rough Ride of a Dream Hero*, LIFE, Oct. 14, 1966, at 113, 126. And Harry S. Truman started his day with a walk followed by “a rubdown, a shot of bourbon, and a light breakfast.” Univ. of Va. Miller Cntr., *Harry S. Truman: Family Life*, <http://millercenter.org/president/truman/essays/biography/7>.

In recognition of bourbon’s unique place in American culture and commerce, and in the spirit of the Taft decision, Congress in 1964 designated bourbon as a “distinctive product[] of the United States,” 27 C.F.R. § 5.22(l)(1), and prescribed restrictions on which distilled spirits may bear the label “bourbon.” Federal regulations require that bourbon whiskey to, among other things, be aged in charred new oak barrels, contain certain proportions of mash ingredients, and be barreled and bottled at certain proofs. § 5.22(b). Importantly, whiskey made for consumption within the United States cannot be called bourbon unless it is made in the United States. § 5.22(l)(1). While bourbon is strongly associated with Kentucky, and while “[ninety-five] percent of the world’s supply of bourbon comes from Kentucky,” Jessie Halladay, *Kentucky's Libation Vacations*, COURIER-J., Feb. 26, 2012, at D1, some notable bourbons are made in other states.²

Maker's Mark occupies a central place in the modern story of bourbon. The Samuels family, founder of the Maker's Mark distillery in Loretto, Kentucky, has produced whiskey in Kentucky nearly continuously from the eighteenth century through today. REGAN & REGAN, *supra*, at 161–62. Indeed, Robert Samuels (along with Jacob Beam, Basil Hayden, and Daniel Weller, all of whose surnames are familiar to bourbon connoisseurs) was one of Kentucky's early settlers. COWDERY, BOURBON, STRAIGHT, *supra*, at 4. Bill Samuels, Sr. formulated the recipe for Maker's Mark bourbon in 1953. His wife, Margie, conceived of the red dripping wax seal and used the family deep fryer to perfect the process of applying it. The company has *417 bottled bourbon for commercial sale under the Maker's Mark name, and has used a red dripping wax seal on its Maker's Mark bourbon bottles, since 1958. Maker's Mark, and craft bourbon generally, garnered national attention when the *Wall Street Journal* published a front-page article about the bourbon, the red dripping wax seal, and the family behind it. David P. Garino, *Maker's Mark Goes Against the Grain to Make its Mark*, WALL ST. J., Aug. 1, 1980, at 1. In 1985, Maker's Mark registered a trademark for the dripping-wax-seal element of

its trade dress, which it described as a “wax-like coating covering the cap of the bottle and trickling down the neck of the bottle in a freeform irregular pattern.” The trademark is silent as to color, but Maker's Mark conceded in submissions before the district court that it sought only to enforce it as applied to the red dripping wax seal.

Jose Cuervo produced a premium tequila, “Reserva de la Familia,” beginning in 1995. The tequila bottle had a wax seal that was straight-edged and did not initially feature drips. By 2001, Cuervo had begun selling this tequila in the United States in bottles with a red dripping wax seal reminiscent of the Maker's Mark red dripping wax seal. In 2003, Maker's Mark instituted this suit against Casa Cuervo S.A. de C.V., Jose Cuervo International, Inc., Tequila Cuervo La Rojeña S.A. de C.V., and Diageo North America, Inc. claiming state and federal trademark infringement and federal trademark dilution; sometime thereafter, Cuervo discontinued use of the red dripping wax seal and reverted to a red straight-edged wax seal. In its suit, Maker's Mark sought damages, injunctions against dilution and infringement, and costs. Cuervo counterclaimed for cancellation of the Maker's Mark trademark.

After a six-day bench trial, the district court found that Maker's Mark's red dripping wax seal is a valid trademark and that Cuervo had infringed that trademark. Based on those findings, the district court enjoined Cuervo permanently “from using red dripping wax on the cap of a bottle in the sale, offering for sale, distribution or advertising of Cuervo tequila products at any locality within the United States.” The district court found that Cuervo had not diluted the mark and denied Maker's Mark's claim for damages; the district court also denied Cuervo's counterclaim for cancellation of the mark. In a separate opinion, the district court awarded Maker's Mark some of its costs.

Cuervo appeals the district court's determination that the red dripping wax seal is not aesthetically functional, some of the district court's factual findings, its balancing of those findings in determining Cuervo had infringed, and its award of some of Maker's Mark's costs. Cuervo does not appeal the scope of the injunction.

II.

A. Aesthetic Functionality

[1] [2] In a trademark case, this Court reviews a district court's factual findings for clear error and legal conclusions de novo.  *Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir.1988). For a trademark to be enforceable, it must be valid; one way to show a mark's validity is through its “incontestability.” A trademark registered for five or more

years becomes “incontestable” under  15 U.S.C. § 1065. Incontestability is “conclusive evidence of the validity of the registered mark,” *id.* § 1115(b), except as to certain statutorily enumerated challenges, including the functionality of the mark, *id.* § 1115(b)(8). A registered mark may be found invalid if it is “functional.” See *id.*; *id.* § 1052(e)(5). A trademark is functional *418 “if it is essential to the use or purpose of the article or if it affects the cost or quality of the article.”  *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995) (internal quotation marks omitted). A trademark may be determined to be functional under traditional functionality doctrine, as in

 *Qualitex*. Cuervo also argued the seal was functional under an additional functionality doctrine, “aesthetic functionality.” The district court concluded that the red dripping wax seal was not functional under either doctrine and that the mark was valid.

Cuervo appeals only the district court's ruling as to aesthetic functionality, arguing that the red dripping wax seal is aesthetically functional, and therefore the mark is not enforceable. The Supreme Court has discussed the concept of aesthetic functionality in dicta, noting that “[i]t is proper to inquire into a significant non-reputation-related disadvantage

in cases of [aesthetic] functionality.”  *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 33, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001) (internal quotation marks omitted). We have interpreted this dicta to propose that, “where an aesthetic feature (like color), serves a significant function … courts should examine whether the exclusive use of that feature by one supplier would interfere with legitimate competition.” *Antioch Co. v. W. Trimming Corp.*, 347 F.3d 150, 155 (6th Cir.2003). It seems we have not yet plainly stated which test we would apply under aesthetic functionality

doctrine, see  *Abercrombie & Fitch Stores, Inc. v. Am. Eagle Outfitters, Inc.*, 280 F.3d 619, 641 n. 16 and 642–43 (6th Cir.2002), or that we have even adopted aesthetic functionality doctrine at all, *Antioch Co.*, 347 F.3d at 155–56 (questioning the validity of aesthetic functionality doctrine in the Sixth Circuit). We need not decide these questions today.

Under the competition theory of functionality adopted by the Sixth Circuit, we have considered two different tests,

 *Abercrombie*, 280 F.3d at 641 n. 16 and 642 (citations and internal quotation marks omitted), to determine whether a trademark is functional and, thus, not enforceable:

The test for comparable alternatives asks whether trade-dress protection of certain features would nevertheless leave a variety of comparable alternative features that competitors may use to compete in the market. If such alternatives do not exist, the feature is functional; but if such alternatives do exist, then the feature is not functional.... The effective competition test asks ... whether trade dress protection for a product's feature would hinder the ability of another manufacturer to compete effectively in the market for the product. If such hindrance is probable, then the feature is functional and unsuitable for protection. If the feature is not a likely impediment to market competition, then the feature is nonfunctional and may receive trademark protection.

The inquiry in both tests is factual in nature. See  *id.*

Even assuming we were to recognize aesthetic functionality doctrine, regardless of which test we would apply under that doctrine, the outcome is the same. Under either test, Cuervo's appeal on this claim does not succeed. The district court was not convinced "that it would be difficult or costly for competitors to design around" the mark and we do not disagree. There is more than one way to seal a bottle with wax to make it look appealing, and so Cuervo fails the comparable alternatives test. As to the effective competition test, the district court found that "red wax is not the only pleasing color of wax ... nor *419 does it put competitors at a significant non-reputation related disadvantage to be prevented from using red dripping wax." The district court's findings are not clearly erroneous, and, based on those findings, Cuervo fails either test.

B. Factual Findings under *Frisch*

[3] [4] [5] We have recognized four kinds of trademark infringement: palming off, confusion of sponsorship (also known as "association"), reverse confusion of sponsorship, and dilution.  *Ameritech, Inc. v. Am. Info. Techs. Corp.*, 811 F.2d 960, 964–65 (6th Cir.1987). As the district court correctly noted, Maker's Mark focuses on "confusion of sponsorship." Maker's Mark does not appeal the district court's adverse ruling on its dilution claim. Confusion of sponsorship "occurs where the goods do not directly compete. In this situation, the goods are unrelated enough that no inference arises that they originated from the same source, but the similarity of the trademarks erroneously suggests a connection between the sources."  *Id.* at 964. In any case, a court considering a claim for trademark infringement must determine the likelihood of consumer confusion. The factors the court should consider are: "1. strength of the plaintiff's mark; 2. relatedness of the goods; 3. similarity of the marks; 4. evidence of actual confusion; 5. marketing channels used; 6. likely degree of purchaser care; 7. defendant's intent in selecting the mark; [and] 8. likelihood of expansion of the product lines."  *Frisch's Rests., Inc. v. Elby's Big Boy, Inc.*, 670 F.2d 642, 648 (6th Cir.1982) (quoting  *Toho Co., Ltd. v. Sears, Roebuck & Co.*, 645 F.2d 788, 790 (9th Cir.1981)).

[6] We review the district court's factual findings under  *Frisch* for clear error.  *Tumblebus Inc. v. Cranmer*, 399 F.3d 754, 764 (6th Cir.2005). We assess each factor with respect to the relevant consumer market; potential buyers of the "junior" product (here, Cuervo's Reserva de la Familia) are the relevant consumers.  *Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 518 (6th Cir.2007). Cuervo appeals the district court's findings on only three of the eight  *Frisch* factors: strength, similarity, and actual confusion.

1. Strength

[7] [8] To evaluate the strength factor under the  *Frisch* analysis, this Court "focuses on the distinctiveness of a mark and its recognition among the public."  *Therma-Scan, Inc. v. Thermoscan, Inc.*, 295 F.3d 623, 631 (6th Cir.2002). One leading commentator usefully characterizes this evaluation as encompassing two separate components: (1) "conceptual strength," or "placement of the mark on the spectrum

of marks,” which encapsulates the question of inherent distinctiveness; and (2) “commercial strength” or “the marketplace recognition value of the mark.” **2 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 11.83 (4th ed.)** In other words, “[a] mark is strong if it is highly distinctive, i.e., if the public readily accepts it as the hallmark of a particular source; it can become so because it is unique, because it has been the subject of wide and intensive advertisement, or because of a combination of both.”  *Homeowners Grp. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1107 (6th Cir.1991) (internal quotation marks omitted).

[9] Because the strength of a trademark for purposes of the likelihood-of-confusion analysis depends on the interplay between conceptual and commercial strength, the existence of inherent distinctiveness is not the end of the inquiry. See

 *Therma-Scan, Inc.*, 295 F.3d at 631–32 (noting that a mark can be inherently distinctive but not especially strong if it fails to attain broad public recognition);  *Homeowners Grp., Inc.*, 931 F.2d at 1107 (“The District Court's finding that HMS was an arbitrary and inherently distinctive mark is only a first step in determining the strength of a mark in the marketplace.”); *see also* MCCARTHY, *supra* § 11:83 (“[T]he true relative strength of a mark can only fully be determined by weighing [both] aspects of strength.”). Thus, although inherent distinctiveness may provide powerful support for the strength of a mark, the full extent of that support nonetheless depends on the scope of commercial recognition.

[10] Here, the district court appropriately evaluated both components of the strength factor. From the physical characteristics of the mark, the district court specifically found the red dripping wax seal to be inherently distinctive based on its uniqueness and its potential to “draw in the customer” in an unusual manner. This finding of conceptual strength is bolstered by the mark's status as “incontestable,” which entitles it to a presumption of strength, though the relative import of that presumption within the overall strength analysis still requires an analysis of “whether the mark is distinctive and well-known in the general population.”

 *Therma-Scan, Inc.*, 295 F.3d at 632; *see also*  *Wynn Oil*, 839 F.2d at 1187. As to commercial recognition, the district court found the seal “acquired secondary meaning through fifty years of use, extensive advertising and consumer recognition.”³ The district court also found that Maker's Mark's advertising was intensive, citing the extent of its

advertising budget that “focuses almost entirely on branding the red dripping wax,” as well as the significant public attention that the wax seal has received through the media. In further support of these findings, the district court also cited studies showing significant amounts of consumer dialogue about the brand, as well as a high level of recognition among both whiskey drinkers and distilled-spirits drinkers more generally.

Cuervo argues that the district court erred in its evaluation of the strength of the mark by (1) disregarding third-party use of red dripping wax seals; (2) failing to give proper weight to the lack of a survey regarding recognition of the red dripping wax seal; (3) relying in its analysis on Maker's Mark's advertisements without apparent evidence of their dates or circulation; and (4) relying on evidence of the strength of the mark in the overbroad group of distilled spirits drinkers instead of prospective Reserva purchasers.

[11] We recognize that “extensive third-party uses of a trademark [may] substantially weaken the strength of a mark.”  *Homeowners Grp.*, 931 F.2d at 1108;  *Herman Miller, Inc. v. Palazzetti Imps. & Exps., Inc.*, 270 F.3d 298, 317 (6th Cir.2001) (noting the possibility that the strength of a plaintiff's mark may be “‘weakened’ by widespread use in the market,” causing the mark to “lose its significance as an indication of source.” (quoting MCCARTHY, *supra* § 17:17)). Contrary to Cuervo's argument, the district court *did* consider evidence of third-party *421 use of similar seals on distilled spirits, but rejected that evidence as limited and unconvincing because it concerned seals used on all distilled spirits; the court found that the relevant use of the seals is limited to the “relevant market,” and not among all distilled spirits. We agree with the district court's finding and reasoning.

[12] Next, while “survey evidence is the most direct and persuasive evidence” of whether a mark has acquired secondary meaning, “consumer surveys … are not a prerequisite to establishing secondary meaning.”  *Herman Miller, Inc.*, 270 F.3d at 312, 315 (citations and internal quotation marks omitted). Nor is such evidence indispensable to the broader question of commercial recognition. In light of the abundance of other evidence demonstrating market recognition, such as Maker's Mark's extensive marketing efforts focusing on the red dripping wax seal and its widespread publicity, it was not clear error for the district

court to overlook the lack of survey evidence because that evidence was not determinative of the strength of the mark.

As to the district court's consideration of advertising evidence, the district court discussed the nature of the advertising and found that advertising efforts by Maker's Mark usually focus directly on the red dripping wax seal. As the record and the district court's opinion show, the district court had before it, and considered, an abundance of Maker's Mark advertisements that specifically feature the red dripping wax seal. Moreover, these advertisements were recent, relevant, and strong enough to convince *Business Week*, in 2002, to declare the dripping wax seal "one of the most recognizable branding symbols in the world," and CBS Sunday Morning, in 2008, to refer to the process by which the seal is applied as the "famous dip in red sealing wax." These findings support the district court's ultimate conclusion regarding the breadth of market recognition of Maker's Mark's trademarked red dripping wax seal.

Finally, as to the district court's discussion of evidence of the mark's strength within the broader group of distilled spirits drinkers, the district court considered, but did not rest its holding on, this evidence. Instead, the district court based its holding primarily on the seal's "unique design and [Maker's Mark's] singular marketing efforts." We therefore find no error here.

In sum, none of Cuervo's arguments undermines the district court's finding "that the Maker's Mark red dripping wax seal is an extremely strong mark due to its unique design and the company's singular marketing efforts." We therefore conclude that the district court did not clearly err in its evaluation of the strength of the red dripping wax seal.

2. Similarity

[13] In assessing similarity, "courts must determine whether a given mark would confuse the public when viewed alone, in order to account for the possibility that sufficiently similar marks may confuse consumers who do not have both marks before them but who may have a general, vague, or even hazy, impression or recollection of the other party's mark."

 *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Cntr.*, 109 F.3d 275, 283 (6th Cir.1997) (internal quotation marks omitted). The district court found this factor "narrowly favor[s] Maker's Mark," and found that, though "[v]ery few consumers ... would buy one product believing it was the other," the seals were facially similar. The district

court examined the two seals and found that "nothing on the products *other than* the red dripping wax ... would suggest an association between the two."

***422 [14]** Cuervo focuses its argument on the relevance of the house marks—product labels identifying the name of the manufacturer—on the bottles. We have held that the presence of a house mark can decrease the likelihood of confusion.

 *Therma-Scan, Inc.*, 295 F.3d at 634 ("[T]he presence of [a house mark on a product] does not eliminate the similarity between the trademarks. Instead, this labeling diminishes the likelihood of confusion created by the comparable marks and reduces the importance of this factor.");  *AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 797 (6th Cir.2004) ("The co-appearance of a junior mark and a house mark is not dispositive of dissimilarity, but it is persuasive."). The district court concluded that this consideration is not "as important in an association case, when the two products are related enough that one might associate with or sponsor the other and still use their own house mark."

In  *AutoZone*, we found that the proximity of the Radio Shack house mark to the "POWERZONE" mark would alleviate any confusion between POWERZONE and

AUTOZONE marks.  *AutoZone* does not, however, stand for the proposition that the presence of a house mark always has significant weight in the similarity analysis; it merely states that presence of a house mark is a factor to be considered in the evaluation of similarity and, depending on the facts of the case, may be significant to the overall likelihood of confusion.  *AutoZone, Inc.*, 373 F.3d at 796–97.

Furthermore, the district court's analysis in this case highlights two factors that diminish the significance of the house marks in the present context. First, testimony in the record indicates that many consumers are unaware of the affiliations between brands of distilled spirits, and that some companies produce multiple types of distilled spirits, which supports the district court's assessment here. Second, the presence of a house mark, as the district court correctly noted, is more significant in a palming off case than in an association case—as the district court reasoned, in an association case "when the two products are related enough ... one might associate with or sponsor the other and still use their own house mark." Accordingly, the district court did not clearly err in its factual findings under this factor, and we adopt its findings.

3. Actual Confusion

[15] The district court stated that “neither party produced meaningful evidence related to actual confusion” and concluded that the lack of evidence was “neutral.” The district court reasoned that, though evidence of actual confusion might have been obtainable if it existed, Cuervo sold Reserva for a limited time and in limited quantities, and so the district court did not place weight on the fact that Maker's Mark did not furnish “meaningful” evidence of actual confusion. Despite Cuervo's arguments to the contrary, this finding falls squarely within this Circuit's case law. Though “[e]vidence of actual confusion is undoubtedly the best evidence of likelihood of confusion ... a lack of such evidence is rarely significant.”  *Daddy's*, 109 F.3d at 284 (citation and internal quotation marks omitted). Here, the Reserva product was sold for a short time and in limited quantities; under these circumstances, it is reasonable that no meaningful evidence of actual confusion was available. The district court did not clearly err in finding the lack of actual confusion evidence non-determinative, and we adopt its findings.

C. Balancing the *Frisch* Factors

[16] We “review *de novo* the legal question of whether [the district court's  *Frisch* factual findings] constitute a likelihood *423 of confusion.”  *Tumblebus Inc.*, 399 F.3d at 764 (quoting  *Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, 78 F.3d 1111, 1116 (6th Cir.1996)) (internal quotation marks omitted). Because we find above that the district court did not reversibly err in its factual findings on the three disputed factors—strength, similarity, and actual confusion—and because the parties do not dispute the district court's factual findings under the remaining five factors, we adopt all of the district court's factual findings and balance them *de novo*.

[17] **1. Strength.** The district court found the evidence of the strength of the mark heavily favored Maker's Mark. We have held that the strength of the mark supplies the weight it should be accorded in balancing. In general, “[t]he stronger the mark, all else equal, the greater the likelihood of confusion.”

 *AutoZone*, 373 F.3d at 794 (alteration in original) (quoting  *Homeowners Grp., Inc.*, 931 F.2d at 1107). Because the district court found the mark at issue here to be “extremely strong,” the strength factor is weighed very heavily.

[18] **2. Relatedness of the goods.** The district court found the goods were somewhat related because they were part of the same broad category of high-end distilled spirits, but not fully related because the Cuervo product was priced at \$100 per bottle, while Maker's Mark sold for \$24 per bottle. Where the goods are “somewhat related but not competitive, the likelihood of confusion will turn on other factors.”

 *Daddy's*, 109 F.3d at 282. Here, the district court found that the products are somewhat related. We accord this factor little weight because the products are competitive only within a very broad category and are only somewhat related; it is thus more appropriate to concentrate the weight of our balancing analysis on other factors.

[19] **3. Similarity.** The district court found the similarity factor “narrowly favors Maker's [Mark].” “The similarity of the senior and junior marks is ‘a factor of considerable weight.’”  *AutoZone*, 373 F.3d at 795 (quoting  *Daddy's*, 109 F.3d at 283).

[20] **4. Actual confusion.** As discussed above, “a lack of such evidence is rarely significant, and the factor of actual confusion is weighted heavily only where there is evidence of past confusion, or perhaps, when the particular circumstances indicate such evidence should have been available.”  *Daddy's*, 109 F.3d at 284 (internal quotation marks omitted). The district court found that this factor was neutral. As we noted, the Reserva product was sold for a short time and in limited quantities; under these circumstances, we give the lack of evidence of actual confusion little weight.

5. Marketing channels used by the parties. The court found the channels “similar in some ways and dissimilar in others. Perhaps this factor marginally favors Maker's Mark.” The weight of this factor will not add much to a finding of infringement because of the equivocal nature of the district court's factual findings. We accord this factor very little weight.

6. Likely degree of purchaser care. The district court found this factor “clearly favors” Cuervo because of the degree of care potential tequila customers would exercise in purchasing a \$100 bottle of Reserva; knowledgeable bourbon customers would also exercise similar care and, further, know that Maker's Mark sells only one kind of liquor. This factor, though strongly in favor of Cuervo, is not dispositive. “[C]onfusingly similar marks may lead a purchaser who is extremely careful

and knowledgeable ... to assume nonetheless that the seller is affiliated with or identical to the other party.”  *Id.* at 286. *424 For these reasons, we give this factor substantial weight.

[21] **7. Intent.** The district court found Cuervo did not intend to infringe, but we give no weight to this finding because “[i]ntent is an issue whose resolution may benefit only the cause of the senior user, not of an alleged infringer.”

 *Leelanau*, 502 F.3d at 520 (internal quotation marks omitted).

8. Likelihood of expansion of product lines. The district court found this factor was neutral where neither party put forth evidence of significant expansion plans. Because a “strong possibility that either party will expand his business to compete with the other ... will weigh in favor of finding that the present use is infringing,”  *Daddy's*, 109 F.3d at 287 (internal quotation marks omitted), a finding of little evidence of expansion plans is accorded little to no weight, but does not weigh against Maker's Mark, who, by this test, would benefit by any significant evidentiary showing under this factor, no matter which of the parties intended to expand. For these reasons, we give this factor no weight.

[22] The balance of the factors compels a finding of infringement. Excluding the neutral factors, the majority of the factors—strength, relatedness of the goods, similarity, and marketing channels—favor Maker's Mark. The district court found that Maker's Mark's trademark is “extremely strong,” and we have adopted that finding. Further, we have said that the “most important  *Frisch* factors” are similarity and strength of the mark,  *Gray v. Meijer, Inc.*, 295 F.3d 641, 646 (6th Cir.2002); both of these factors favor Maker's Mark. The “likely degree of purchaser care” factor “clearly” favors Cuervo. Though this factor is given substantial weight, this factor alone cannot override the “extreme” strength of the mark that, when coupled with similarity (which itself is given “considerable weight”), and combined with the two other factors weighing in favor of Maker's Mark, together favor a finding of infringement. Buttressing this determination is that, in its briefing, Cuervo complains of errors in the district court's factual determinations, but does not argue that, even given the factual findings made by the district court, a de novo balancing under  *Frisch* should come out in Cuervo's favor. While Cuervo disputes the factual findings themselves and

the related *outcome* of the balancing, it does not argue that the weight given the factors should have been different.

We conclude that there is a likelihood of confusion between the products and that Cuervo has infringed.

III.

In a separate memorandum opinion and order, the district court awarded Maker's Mark \$66,749.21 of the \$72,670.44 in costs it requested. Cuervo argues that Maker's Mark is not a “prevailing party” under **Federal Rule of Civil Procedure 54(d)** because the district court only awarded Maker's Mark a permanent injunction, but not damages, on its infringement claim, and denied its request for a permanent injunction on its dilution claim. Cuervo argues that Maker's Mark should have either been awarded no costs or that the costs should have been apportioned.

[23] This Court reviews a district court's decision to award costs under an abuse of discretion standard. *Singleton v. Smith*, 241 F.3d 534, 539–40 (6th Cir.2001). “Generally, [finding an abuse of discretion] would require the lower court ignoring the criteria set by [the] Sixth Circuit or otherwise a certainty on [this Court's] part that a clear error in judgment was committed.” *Id.* (citation omitted).

*425 [24] [25] **Rule 54(d)** provides that “costs—other than attorney's fees—should be allowed to the prevailing party.” Under  *Buckhannon Board and Care Home v. West Virginia Department of Health and Human Resources*, 532 U.S. 598, 121 S.Ct. 1835, 149 L.Ed.2d 855 (2001), a party is the prevailing party where (1) it receives “at least some relief on the merits of [its] claim,” and (2) there is a “judicially sanctioned change in the legal relationship of the parties.”

 *Id.* at 603, 605, 121 S.Ct. 1835. Here, the district court did not abuse its discretion in awarding costs to Maker's Mark where Maker's Mark secured an injunction against Cuervo. Maker's Mark won on the merits of its infringement claim and the permanent injunction is a judicially sanctioned change in the relationship between the parties.  *Andretti v. Borla Performance Indus., Inc.*, 426 F.3d 824, 836 (6th Cir.2005) (holding that even voluntary agreement to injunction “can support a determination that a party prevailed”). Maker's Mark did not need to win every claim to be considered the prevailing party. See  *Lewis v. Pennington*, 400 F.2d 806,

820 (6th Cir.1968). Cuervo does not dispute the particulars of the district court's decision about which costs to allow and which costs to disallow, but merely seeks wholesale denial or apportionment of costs. The district court did not abuse its discretion in awarding some costs to the prevailing party.

IV.

The district court did not reversibly err in its decisions regarding aesthetic functionality and in its factual findings

under  *Frisch*. We conclude that the  *Frisch* factors weigh in Maker's Mark's favor. Further, we hold the district court did not abuse its discretion in awarding some of Marker's Mark's costs. The judgments of the district court are **AFFIRMED**.

All Citations

679 F.3d 410, 102 U.S.P.Q.2d 1693

Footnotes

- 1 Even the spelling of the word "whiskey" has engendered impassioned debate. See, e.g., Nick Fox, *For Whiskey, Everything in its Place*, N.Y. TIMES DINER'S J. (Feb. 9, 2009, 6:16 PM), <http://dinersjournal.blogs.nytimes.com/2009/02/09/for-whiskey-everythingin-its-place>; Eric Asimov, *Whiskey Versus Whisky*, N.Y. TIMES DINER'S J. (Dec. 4, 2008, 1:56 PM), <http://dinersjournal.blogs.nytimes.com/2008/12/04/whiskey-versus-whisky>. "Whiskey" is the typical spelling in the United States, but in Scotland and Canada, "whisky" is the preferred spelling. *Id.*
- 2 For example, the A. Smith Bowman Distillery produces its "Virginia Gentleman" bourbon in Fredericksburg, Virginia. REGAN & REGAN, *supra*, at 146.
- 3 In light of the district court's finding that the mark is inherently distinctive, it did not need to consider secondary meaning. See  *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992) ("The general rule regarding distinctiveness is clear: An identifying mark is distinctive and capable of being protected if it *either* (1) is inherently distinctive *or* (2) has acquired distinctiveness through secondary meaning."). The district court's findings on secondary meaning, however, are nonetheless relevant to the broader questions of commercial recognition and overall strength. See MCCARTHY, *supra* § 11:83 (distinguishing between the analyses used to determine secondary meaning and strength).

 KeyCite Yellow Flag - Negative Treatment

Distinguished by [In re Selig Sealing Products, Inc.](#), Trademark Tr. & App. Bd., March 14, 2017

703 F.Supp.2d 671
United States District Court,
W.D. Kentucky,
at Louisville.

MAKER'S MARK DISTILLERY, INC., Plaintiff

v.

DIAGEO NORTH AMERICA,
INC., et. al., Defendants.

Civil Action No. 3:03-CV-93-H.

|
April 2, 2010.

Synopsis

Background: Distiller brought action against competitors, alleging that competitors violated distiller's registered trademark when they produced and distributed tequila bottles capped with red dripping wax seal similar to seal distiller used to cap its whisky bottles for over 50 years.

Holdings: Following bench trial, the District Court, [John G. Heyburn, II](#), J., held that:

- [1] distiller's trademark was not invalid as de facto functional;
- [2] aesthetic functionality doctrine did not invalidate distiller's trademark;
- [3] evidence was insufficient to establish that distiller's trademark was generic and thus invalid;
- [4] competitors infringed distiller's trademark;
- [5] distiller's trademark was not famous as required to support dilution claim; and
- [6] permanent injunctive relief but not monetary damages was appropriate remedy.

Ordered accordingly.

West Headnotes (66)

[1] **Trademarks**  Particular Cases or Products

Scope of distiller's registered trademark in dripping wax whisky-bottle-seal was limited to red seals in trademark infringement action against competitors who produced and distributed tequila bottles capped with red dripping wax seal; although neither trademark nor distiller's initial legal arguments mentioned the color red, distiller narrowed asserted scope to red seals based on its continuous and regular use of that color, which was in fact the only color distiller used for bottle-seals, and red was fundamental and likely inseparable element of mark. Lanham Act, §§ 32(1)(a), 43(a),  15 U.S.C.A. §§ 1114(1)(a),  1125(a).

1 Cases that cite this headnote

[2] **Trademarks**  Form, Features, or Design of Product as Marks; Trade Dress

Trademarks  Necessity of registration

The design of a product, as well as its packaging, may form the basis of "trade dress" protection under the Lanham Act, whether or not the trade dress has been registered as a trademark on the principal register. Lanham Act, § 32(1)(a),  15 U.S.C.A. § 1114(1)(a).

[3] **Trademarks**  Principal Register

When the packaging of a product satisfies the federal standards of trademark protection, it can be approved for placement on the principal register. Lanham Act, §§ 32(1)(a), 43(a)(3),  15 U.S.C.A. §§ 1114(1)(a),  1125(a)(3).

[4] **Trademarks**  Distinctiveness; secondary meaning

Even if color red was an unregistered portion of distiller's registered dripping wax whisky-bottle-seal, red dripping wax seal was inherently

distinctive, and moreover had attained secondary meaning as required for mark's protection under trademark law, through fifty years of consistent use, extensive advertising focused on the mark, and an extremely strong association between the mark and distiller's product by relevant consumers. Lanham Act, §§ 32(1)(a), 43(a)(3),

15 U.S.C.A. §§ 1114(1)(a), 1125(a)(3).

1 Cases that cite this headnote

[5] **Trademarks** Nature or type of mark; distinctiveness and strength

Competitors in trademark infringement action bore burden of proving that distiller's registered red dripping wax whisky-bottle-seal was invalid as either functional or generic, where mark had become "incontestable" and thus presumptively valid through continuous use for five consecutive years subsequent to date of registration. Lanham Act, §§ 2(e)(5), 15, 32(1)(a), 33(a), 37, 15 U.S.C.A. §§ 1052(e)(5), 1065, 1114(1)(a), 1115(a), 1119.

4 Cases that cite this headnote

[6] **Trademarks** Evidence

There was no evidence that distiller fraudulently obtained registered trademark for red dripping wax whisky-bottle-seal by making material and false representations before the United States Patent and Trademark Office as would invalidate mark. Lanham Act, § 33(a), 15 U.S.C.A. § 1115(a).

[7] **Trademarks** Functionality

Distiller's registered red dripping wax whisky-bottle-seal trademark was not invalid as de facto functional in infringement action against competitors who produced and distributed tequila bottle capped with similar seal; wax served no true protective or preservative function on distilled spirits bottles because bottles' closure mechanisms made additional protection unnecessary, and other less-expensive means existed for creating tamper-proof closures, such

as plastic caps or shrink wrap. Lanham Act, §§ 2(e)(5), 33(a), 37, 15 U.S.C.A. §§ 1052(e)(5), 1115(a), 1119.

[8] **Trademarks** Trade dress

Whether a trademark is invalid as functional is a factual determination. Lanham Act, §§ 2(e)(5), 33(a), 37, 15 U.S.C.A. §§ 1052(e)(5), 1115(a), 1119.

[9] **Trademarks** Functionality

Aesthetic functionality doctrine did not invalidate distiller's registered red dripping wax whisky-bottle-seal trademark in infringement action against competitors who produced and distributed tequila bottle capped with similar seal; it was not difficult or costly for competitors to design around trademark, red wax was not the only pleasing color of wax that competitors could employ on their product, and trademark did not put competitors at significant non-reputation related disadvantage because there were other ways of making bottle look artisanal or unique. Lanham Act, §§ 2(e)(5), 33(a), 37, 15 U.S.C.A. §§ 1052(e)(5), 1115(a), 1119.

1 Cases that cite this headnote

[10] **Trademarks** Grounds; issues

A registered trademark that becomes generic may be cancelled at any time. Lanham Act, §§ 14(3), 33(a), 15 U.S.C.A. §§ 1064(3), 1115(a).

[11] **Trademarks** Loss of distinctiveness; acquired generic meaning

A registered trademark which becomes a "generic name" and may be cancelled encompasses anything that has the potential but fails to serve as an indicator of source, such as names, words, symbols, devices or trade dress.

Lanham Act, §§ 14(3), 33(a), 15 U.S.C.A. §§ 1064(3), 1115(a).

[12] Trademarks Nature or type of mark; distinctiveness and strength

Federal registration constitutes a presumption that a trademark is not generic and thus invalid, and the mark's challenger bears the burden of overcoming this presumption. Lanham Act, §§ 14(3), 15, 33(a), 37, 15 U.S.C.A. §§ 1064(3), 1065, 1115(a), 1119.

2 Cases that cite this headnote

[13] Trademarks Loss of distinctiveness; acquired generic meaning

Evidence that a dozen other brands of distilled spirits used wax whisky-bottle-seals was insufficient to establish that distiller's registered dripping red wax whisky-bottle-seal trademark was identified so closely with distilled spirits as to become generic and thus invalid, in trademark infringement action against competitors who produced and distributed tequila bottles capped with similar seal. Lanham Act, §§ 14(3), 15, 33(a), 37, 15 U.S.C.A. §§ 1064(3), 1065, 1115(a), 1119.

[14] Trademarks Similarity Between Marks; Likelihood of Confusion

Trademarks Mark as property; property rights in general

The purpose of the trademark statutes is to protect the trademark holder's quasi-property interest in the mark and prevent consumer confusion about the actual source of goods using the mark. Lanham Act, §§ 32(1)(a), 33(a), 45, 15 U.S.C.A. §§ 1114(1)(a), 1115(a), 1127.

3 Cases that cite this headnote

[15] Trademarks Unfair competition

Trademarks Infringement

Kentucky common law trademark infringement and unfair competition claims involve the same analysis as federal claims of trademark

infringement. Lanham Act, § 32(1)(a), 15 U.S.C.A. § 1114(1)(a).

5 Cases that cite this headnote

[16] Trademarks Nature and extent of harm; similarity, competition, and confusion

Cause of action for trademark dilution exists to protect the quasi-property rights a holder has in maintaining the integrity and distinctiveness of his mark. Lanham Act, § 43(c), 15 U.S.C.A. § 1125(c).

1 Cases that cite this headnote

[17] Trademarks Markets and territories; competition

Trademarks Relationship between parties or actors using marks

"Confusion of sponsorship" trademark infringement claim arises where the goods of the senior and junior user may or may not be directly competitive, but the similarity of the trademark erroneously suggests a connection between the sources and the junior user seeks to capitalize on the senior user's goodwill or reputation. Lanham Act, §§ 32(1)(a), 43(a)(1)(A), 15 U.S.C.A. §§ 1114(1)(a), 1125(a)(1)(A).

2 Cases that cite this headnote

[18] Trademarks Nature or type of mark; distinctiveness and strength

Plaintiff alleging trade dress infringement is not required to prove his trade dress has secondary meaning where trade dress is registered as a trademark and has become uncontested.

Lanham Act, §§ 15, 32(1)(a), 15 U.S.C.A. §§ 1065, 1114(1)(a).

1 Cases that cite this headnote

[19] Trademarks Passing Off or Palming Off

The traditional and most prevalent type of infringement claim is "palming off," where the

plaintiff's and defendant's goods are in direct competition and the confusion is over the source of their origin; in other words, consumers might buy the infringing, or junior user's, product, after mistaking it for the senior user's product. Lanham Act, §§ 32(1)(a), 43(a)(1)(A), 15 U.S.C.A. §§ 1114(1)(a), 1125(a)(1)(A).

[20] Trademarks “Reverse” confusion

“Reverse confusion” trademark infringement occurs when the junior user saturates the market with a similar trademark and overwhelms the senior user; the public comes to assume the senior user's products are really the junior user's or that the former has become somehow connected to the latter. Lanham Act, §§ 32(1)(a), 43(a)(1)(A), 15 U.S.C.A. §§ 1114(1)(a), 1125(a)(1)(A).

[1 Cases that cite this headnote](#)

[21] Trademarks Factors considered in general

District court applies eight-factor *Frisch* test on trademark infringement claim to determine whether consumers are likely to be confused: (1) strength of the senior mark; (2) relatedness of the goods and services; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) likely degree of purchaser care; (7) the intent of defendant in selecting the mark; and (8) likelihood of expansion of the product lines. Lanham Act, §§ 32(1)(a), 43(a)(1)(A), 15 U.S.C.A. §§ 1114(1)(a), 1125(a)(1)(A).

[2 Cases that cite this headnote](#)

[22] Trademarks Persons confused; circumstances of sale

To analyze consumer confusion on trademark infringement claim, court must first identify the relevant pool of consumers. Lanham Act, §§ 32(1)(a), 43(a)(1)(A), 15 U.S.C.A. §§ 1114(1)(a), 1125(a)(1)(A).

[23] Trademarks Persons confused; circumstances of sale

Relevant consumers for purpose of determining likelihood of confusion on trademark infringement claim are the potential buyers of the junior user's, not the senior user's, product. Lanham Act, §§ 32, 43(a)(1), 15 U.S.C.A. §§ 1114, 1125(a)(1).

[1 Cases that cite this headnote](#)

[24] Trademarks Factors considered in general

The eight *Frisch* factors court considers on trademark infringement claim imply no mathematical precision, but are simply a guide to help determine whether confusion is likely; the ultimate question remains whether the relevant consumers are likely to believe that the products or services are affiliated in some way. Lanham Act, §§ 32, 43(a)(1), 15 U.S.C.A. §§ 1114, 1125(a)(1).

[1 Cases that cite this headnote](#)

[25] Trademarks Strength or fame of marks; degree of distinctiveness

A mark is strong and distinctive, and its infringement more likely to produce confusion, when the public readily accepts it as the hallmark of a particular source; such acceptance can occur when the mark is unique, when it has received intensive advertisement, or both. Lanham Act, §§ 32, 43(a)(1), 15 U.S.C.A. §§ 1114, 1125(a)(1).

[26] Trademarks Particular cases

Distiller's registered red dripping wax whisky-bottle-seal trademark was inherently distinctive and extremely strong mark, which weighed in favor of finding likelihood of confusion required to support infringement claim against competitors who produced and distribute tequila

bottle capped with similar wax seal; distiller's seal was a unique mark used in an unusual way to draw in consumers, and mark's distinctiveness was further enhanced by distiller's \$22 million annual marketing efforts which focused almost entirely on branding the mark's red dripping wax seal in various mediums, including stadiums, subway stations, billboards, buses, newspapers, and magazines, which resulted in a very high level of consumer recognition for what was a smaller, niche brand. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[1 Cases that cite this headnote](#)

[27] Trademarks  Distinctiveness; secondary meaning

In determining strength of mark on trade dress infringement claim, court typically looks to whether the trade dress is either (1) inherently distinctive, or (2) has acquired distinctiveness through the attachment of secondary meaning.

Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[28] Trademarks  Relationship Between Goods or Services Underlying Marks

Trademarks  Markets and territories; competition

There are three categories of relatedness of the goods and services of the parties for purposes of determining likelihood of confusion in trademark infringement action: (1) if the parties compete directly by offering their goods or services, confusion is likely if the marks are sufficiently similar; (2) if the goods or services are somewhat related but not competitive, the likelihood of confusion will turn on other factors; and (3) if the goods or services are totally unrelated, confusion is unlikely. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[29] Trademarks  Relationship Between Goods or Services Underlying Marks

Parties' services or goods are "related" as would weigh in favor of finding likelihood of confusion in trademark infringement action not because the services and goods coexist in the same broad industry, but if they are marketed and consumed such that buyers are likely to believe that the services or good, similarly marked, come from the same source, or are somehow connected with or sponsored by a common company. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[1 Cases that cite this headnote](#)

[30] Trademarks  Particular cases

Distiller's and competitors' products were somewhat related, which weighed marginally in favor of finding likelihood of confusion required to support trademark infringement claim alleging that competitors infringed distiller's registered red dripping wax whisky-bottle-seal trademark by producing and distributing tequila bottle capped with similar seal; distiller's whisky and competitors' tequila were part of same broad category of high-end distilled spirits, and although tequila was substantially more expensive than whisky, competitors' potential customers might believe distilled spirits producer would sponsor or affiliate with a product in a different price range. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[1 Cases that cite this headnote](#)

[31] Trademarks  Similarity or dissimilarity in general

The similarity of the marks carries considerable weight in determining likelihood of confusion in trademark infringement action. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[1 Cases that cite this headnote](#)

[32] Trademarks Examination and comparison; construction as entirety

When analyzing similarity of marks in trademark infringement action to determine likelihood of confusion, the appearance of litigated marks side-by-side in the courtroom does not accurately portray market conditions; rather, courts must determine whether a given mark would confuse the public when viewed alone, in order to account for the possibility that sufficiently similar marks may confuse consumers who do not have both marks before them but who may have a general, vague or even hazy impression or recollection of the other party's mark. Lanham Act, §§ 32, 43(a)

(1), 15 U.S.C.A. §§ 1114, 1125(a)(1).

[1 Cases that cite this headnote](#)

[33] Trademarks Examination and comparison; construction as entirety

When analyzing similarity of marks to determine likelihood of confusion in trademark infringement action, courts should view marks in their entirety and focus on overall impressions rather than individual features. Lanham Act, §§ 32, 43(a)(1),

15 U.S.C.A. §§ 1114, 1125(a)(1).

[1 Cases that cite this headnote](#)

[34] Trademarks Particular cases

Facial similarity of distiller's and competitors' red dripping wax whisky-bottle-seals weighed narrowly in favor of likelihood of confusion required to support confusion-of-sponsorship trademark infringement claim alleging that competitors infringed distiller's registered mark by producing and distributing tequila bottle capped with similar seal; both distiller's and competitors' seals featured dripping wax that covered cap and dripped down neck of bottle, wax used for both seals was almost same color red, distiller's and competitors' bottles were nearly same height and liquid in both appeared

brown, but competitors' seal was thinner and less glossy, was imprinted with competitors' family seal, and had small blue ribbon protruding from beneath wax, which created distinctly more antique look than clean, contemporary feel of distiller's wax. Lanham Act, §§ 32, 43(a)(1),

15 U.S.C.A. §§ 1114, 1125(a)(1).

[35] Trademarks Actual confusion

Although evidence of actual confusion is the best evidence of likelihood of confusion in trademark infringement action, a lack of such evidence is rarely significant because it is difficult to show actual confusion. Lanham Act, §§ 32, 43(a)(1),

15 U.S.C.A. §§ 1114, 1125(a)(1).

[1 Cases that cite this headnote](#)

[36] Trademarks Trade dress

Neither distiller nor competitors produced meaningful evidence with respect to actual confusion, and this factor thus weighed neither for nor against finding likelihood of confusion required to support trademark infringement claim alleging that competitors infringed distiller's registered red dripping wax whisky-bottle-seal mark by producing and distributing tequila bottle capped with similar seal; distiller's evidence on confusion consisted of testimony by its officials that concerned or angry fans contacted them to complain about competitors' use of red dripping wax, which showed that some consumers were concerned about infringement but were not confused, while online survey results offered by competitors to show confusion did not exist was not persuasive because survey created environment dissimilar to that in which typical consumer would encounter marks and employed problematic methodology. Lanham Act, §§ 32, 43(a)(1),

15 U.S.C.A. §§ 1114, 1125(a)(1).

[37] Trademarks Trade channels; sales, advertising, and marketing

When determining whether there is a likelihood of confusion on trademark infringement claim, a court must consider the similarities or differences between the predominant customers of the parties' respective goods or services and whether the marketing approaches employed by each party resemble each other. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[38] **Trademarks** Particular cases

Similarity of marketing channel used by distiller and competitors weighed marginally in favor finding likelihood of confusion required to support trademark infringement claim alleging that competitors infringed distiller's registered red dripping wax whisky-bottle-seal mark by producing and distributing tequila bottle capped with similar seal; parties both sold products to liquor stores and advertised at some of same events and in some of the same magazines, but there was no evidence that products were ever sold side-by-side and distiller's dramatically greater advertising budget limited amount of overlap between parties' marketing channels.

Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[39] **Trademarks** Persons confused; circumstances of sale

The standard of purchaser care for purpose of determining likelihood of confusion in trademark infringement cases is a typical buyer exercising ordinary caution. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[40] **Trademarks** Particular cases

High degree of care exercised by purchasers of competitors' tequila weighed against finding of likelihood of confusion required to support trademark infringement claim alleging that competitors infringed distiller's registered red dripping wax whisky-bottle-seal mark by producing and distributing tequila bottle capped

with similar seal; tequila's \$100 price tag alone mitigated against casual purchase, tequila purchaser was likely to be sophisticated because tequila was an ultra-premium product that would tend to appeal to connoisseurs, tequila purchasers were likely to be knowledgeable about competitors' brand and, therefore, less likely to confuse it with others, and distiller's aficionados who purchased tequila were likely to know that distiller sold only whisky and was unaffiliated with competitors. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[41] **Trademarks** Knowledge, intent, and motive; bad faith

If a party chooses a mark with the intent of causing confusion, that fact alone may be sufficient to justify an inference of confusing similarity required to support trademark infringement claim. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[42] **Trademarks** Particular cases

Evidence of extensive advertising of distiller's mark was insufficient to establish that competitors' use of allegedly infringing mark was intentional, and factor thus weighed neither for nor against finding likelihood of confusion required to support trademark infringement claim alleging that competitors infringed distiller's registered red dripping wax whisky-bottle-seal mark by producing and distributing tequila bottle capped with similar seal. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[43] **Trademarks** Intent; knowledge of confusion or similarity

Whether alleged infringer intentionally adopted allegedly infringing mark is an issue whose resolution may benefit only the cause of the senior user, not an alleged trademark infringer,

when determining whether there is a likelihood of confusion required to support infringement claim. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[44] Trademarks Particular cases

Likelihood of expansion of parties' product lines weighed neither for nor against finding of likelihood of confusion required to support trademark infringement claim alleging that competitors infringed distiller's registered red dripping wax whisky-bottle-seal mark by producing and distributing tequila bottle capped with similar seal; distiller produced only whisky and did not plan to expand, and although competitors owned many brands and could possibly expand into whisky market, competitors had no plans to do so. Lanham Act, §§ 32, 43(a) (1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[45] Trademarks Particular cases

Competitors' use of red dripping wax seal to cap ultra-premium tequila bottles was likely to cause confusion among relevant consumers and thus infringed distiller's registered red dripping wax whisky-bottle-seal mark; parties' products occupied same general market and liquor companies used co-branding frequently enough to lead consumers to believe that red dripping wax indicated relationship between the two products, similarity of marks could confuse potential purchasers of tequila, despite heightened level of care, especially given that distiller almost exclusively focused its marketing efforts on tying its distinctive brand identifier to its only product. Lanham Act, §§ 32, 43(a)(1),  15 U.S.C.A. §§ 1114,  1125(a)(1).

[46] Trademarks Nature and extent of harm; similarity, competition, and confusion

Instead of focusing on consumer confusion, trademark dilution inquires whether a senior user's distinctive and famous mark is being

diluted by another's use of a similar mark that weakens the strength or damages the reputation of the senior mark. Lanham Act, § 43(c),  15 U.S.C.A. § 1125(c).

4 Cases that cite this headnote

[47] Trademarks Nature and Elements in General

To prevail on trademark dilution claim, plaintiff must prove that (1) its mark is famous; (2) its mark is distinctive; (3) the defendant used the mark in commerce; (4) after it became famous; and (5) the defendant's use is likely to cause dilution of the plaintiff's mark. Lanham Act, § 43(c)(1),  15 U.S.C.A. § 1125(c)(1).

10 Cases that cite this headnote

[48] Trademarks Nature and extent of harm; similarity, competition, and confusion

To prevail on a dilution claim, the parties need not be competitors and confusion need not be present. Lanham Act, § 43(c)(1),  15 U.S.C.A. § 1125(c)(1).

[49] Trademarks Marks protected; strength or fame

Whether the plaintiff's mark is famous is the threshold issue in a trademark dilution claim. Lanham Act, § 43(c)(1),  15 U.S.C.A. § 1125(c)(1).

6 Cases that cite this headnote

[50] Trademarks Marks protected; strength or fame

"Fame" for purposes of trademark dilution claim is a lexicon of art particular to trademark jurisprudence; it is not at all the same as asking "the man on the street" whether a name, mark or product is "famous," and is not proven through the words of trade publication articles declaring it so; rather, a mark is famous if it is widely recognized by the general consuming public as

a designation of source of the goods or services of the mark's owner. Lanham Act, § 43(c)(2)(A),  15 U.S.C.A. § 1125(c)(2)(A).

[5 Cases that cite this headnote](#)

[51] Trademarks  Marks protected; strength or fame

Claim for trademark dilution is intended to apply only to a small category of extremely strong marks. Lanham Act, § 43(c)(2)(A),  15 U.S.C.A. § 1125(c)(2)(A).

[1 Cases that cite this headnote](#)

[52] Trademarks  Marks protected; strength or fame

Trademarks  Marks protected

"Fame" of the plaintiff's mark for purposes of trademark dilution claim must be based upon evidence and case law, not upon the personal opinion of industry commentators. Lanham Act, § 43(c)(2)(A),  15 U.S.C.A. § 1125(c)(2)(A).

[53] Trademarks  Trade dress

Distiller's red dripping wax whisky-bottle-seal mark was not famous, as required to support trademark dilution claim against competitors who produced and distributed tequila bottle capped with similar seal; although distiller's mark was registered and the subject of both distiller's national advertising and third-party publicity, distiller's annual sales of whisky were only somewhat significant, and there was no evidence that mark was widely recognized by general consuming public as opposed to niche market of whisky drinkers. Lanham Act, § 43(c)(2)(A),  15 U.S.C.A. § 1125(c)(2)(A).

[1 Cases that cite this headnote](#)

[54] Trademarks  Injunctions

Injunctive relief in trademark infringement action provides tangible evidence of the trademark holder's rights, and arms the holder

with a legal weapon by which it can fend off infringing use. Lanham Act, § 34(a),  15 U.S.C.A. § 1116(a).

[1 Cases that cite this headnote](#)

[55] Trademarks  Damages

Monetary damages in trademark infringement action are designed to compensate the victim for lost sales, to rectify unjust enrichment, or to deter future infringing use of mark. Lanham Act, § 35(a),  15 U.S.C.A. § 1117(a).

[1 Cases that cite this headnote](#)

[56] Trademarks  Damages

Monetary damages are not automatically recoverable in a trademark infringement action, even where a plaintiff succeeds in proving infringement. Lanham Act, § 35(a),  15 U.S.C.A. § 1117(a).

[1 Cases that cite this headnote](#)

[57] Trademarks  Infringement

Trademarks  Unfair competition

Injunctive relief is the remedy of choice for trademark and unfair competition cases, since there is no adequate remedy at law for the injury caused by a defendant's continuing infringement.

Lanham Act, § 34(a),  15 U.S.C.A. § 1116(a).

[4 Cases that cite this headnote](#)

[58] Trademarks  Evidence

Generally, irreparable injury required to support award of permanent injunction is presumed from a showing of success on the merits of a trademark infringement claim. Lanham Act, § 34(a),  15 U.S.C.A. § 1116(a).

[2 Cases that cite this headnote](#)

[59] Trademarks  Trade dress

Lack of adequate remedy at law supported permanent injunctive relief for distiller

in trademark infringement action against competitors who infringed distiller's registered red dripping wax whisky-bottle-seal mark by producing and distributing tequila bottle capped with similar seal; equitable injunctive relief was surest way to prevent further consumer confusion between the two red dripping wax seals as well as emphasizing and protecting distiller's rights. Lanham Act, § 34(a),  15 U.S.C.A. § 1116(a).

[1 Cases that cite this headnote](#)

[60] Trademarks  Trade dress

Balance of hardships supported permanent injunctive relief for distiller in trademark infringement action against competitors who infringed distiller's registered red dripping wax whisky-bottle-seal mark by producing and distributing tequila bottle capped with similar seal; distiller expended considerable amounts of money and effort over many years to build consumer association between red wax seal and its whisky, whereas competitors put little effort into marketing tequila and red dripping wax seal on its bottle, and competitors allowed wax to drip only as an afterthought and discontinued use of seal shortly after litigation began. Lanham Act, § 34(a),  15 U.S.C.A. § 1116(a).

[1 Cases that cite this headnote](#)

[61] Trademarks  Trade dress

Public's best interest in being certain that consumers were not misled in future supported award of permanent injunctive relief for distiller in trademark infringement action against competitors who infringed distiller's registered red dripping wax whisky-bottle-seal mark by producing and distributing tequila bottle capped with similar seal. Lanham Act, § 34(a),  15 U.S.C.A. § 1116(a).

[62] Injunction  Discretion as to scope of relief

District courts are given significant latitude in fashioning injunctions.

[63] Trademarks  Infringement in general

Courts in trademark infringement actions favor injunctive relief closely tailored to the infringement, especially in cases where the defendant's behavior does not signal bad intent.

Lanham Act, § 34(a),  15 U.S.C.A. § 1116(a).

[64] Trademarks  Trade dress

Relatively narrow permanent injunctive relief prohibiting competitors from using red dripping wax bottle-seal on tequila products was appropriate remedy for infringement of distiller's registered red dripping wax whisky-bottle-seal mark; parties were still involved in further litigation related to similar mark, there was no evidence that competitors engaged in improper behavior or adopted red dripping wax seal with bad intent, and determination that competitors use infringed distiller's mark was a close call.

[65] Trademarks  Damages

Trademarks  Intent; fraud

Trademarks  Good will

Monetary damages were not appropriate remedy for infringement of distiller's registered red dripping wax whisky-bottle-seal mark by competitors who produced and distributed tequila bottle capped with similar seal; there was no evidence that competitors' use of red dripping wax seal caused distiller to lose actual sales or goodwill, competitors ceased use of mark voluntarily at start of litigation and indicated they would not willfully infringe distiller's trademark in the future, and there was no evidence that competitors intentionally copied distiller's mark, particularly given sheer size of competitors compared to distiller and extensive brand recognition competitors already enjoyed. Lanham Act, § 35(a),  15 U.S.C.A. § 1117(a).

[66] Trademarks  Damages

Damages awarded in trademark infringement cases are designed to (1) make the plaintiff whole; (2) prevent the infringer from being unjustly enriched; and (3) deter future infringement. Lanham Act, § 35(a), [15 U.S.C.A. § 1117\(a\)](#).

(2) Cuervo's use of a similar red dripping wax infringes on Maker's Mark's trademark, but does not dilute the mark. Based on these findings, the Court will issue an injunction prohibiting Cuervo's future use of red dripping wax, but decline to award monetary damages.

I.

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MEMORANDUM OPINION

[JOHN G. HEYBURN, II](#), District Judge.

Plaintiff, Maker's Mark Distillery, Inc. ("Maker's Mark"), brings this action alleging that Defendants, Tequila Cuervo La Rojena S.A. de C.V., Casa Cuervo S.A. de C.V., Jose Cuervo International, Inc. (collectively "Cuervo"), and Diageo North America, Inc. ("Diageo"), violated federal trademark and common law when they produced and distributed a bottle of tequila capped with a red dripping wax seal similar to the one Maker's Mark has used for over 50 years. Specifically, Maker's Mark asserts that Defendants' actions constitute (1) federal trademark infringement,  [15 U.S.C. § 1114\(1\)\(a\) et seq.](#); (2) false designation of origin,  [15 U.S.C. § 1125\(a\)](#); (3) dilution,  [15 U.S.C. 1125\(c\)](#); and (4) common law trademark infringement and unfair competition under the laws of Kentucky. This Court conducted a six-day bench trial and is now sufficiently advised to decide the numerous difficult factual and legal issues presented.

For the reasons explained below, the Court concludes that (1) Maker's Mark's red dripping wax trademark is valid; and

Plaintiff Maker's Mark is a Kentucky-based distiller specializing in bourbon whisky.¹ Since 1958, when it first began producing bourbon, the company has capped its bottles with a red dripping wax seal that partially covers the neck of the bottle and drips down to the bottle's shoulder. That design was the brainchild of Marjorie Samuels, mother of Maker's Mark current president Bill Samuels, who *[681](#) was still at home when his mother perfected the dripping wax in their family's basement. In its early years, Maker's Mark enjoyed slow and steady regional growth, but in August 1980, a front-page story in *The Wall Street Journal* thrust the company into the national spotlight.² The Samuels family sought to capitalize on that momentum by launching a national advertising campaign featuring the red dripping wax seal. The unique approach worked. Today, the company sells more than 800,000 cases of Maker's Mark annually in the U.S., with a bottle retailing at about \$24. Company executives continue to focus most of their advertising budget—now around \$22 million annually—on promoting the red wax.

Since 1985, Maker's Mark has held a federally registered trademark, U.S. Trademark Reg. No. 1,370,465, (the "465 trademark"), consisting of the "wax-like coating covering the cap of the bottle and trickling down the neck of the bottle in a freeform irregular pattern." Notably, the trademark does not mention the color red—it is silent as to color. This trademark later became "incontestable" pursuant to  [15 U.S.C. § 1065](#).³ Though not asserted in this case, Maker's Mark registered another trademark in 2003, U.S. Trademark Reg. No. 2,690,813 (the "813 trademark"), which protects "the color red as applied to the seal that extends down the neck of a bottle." The 813 trademark does not include Maker's Mark's signature drips.

The Cuervo Defendants, a group of Mexican and American corporations, are America's largest sellers of tequila products. The Cuervo brand boasts an international reputation, and the companies sell more than 3.8 million cases of tequila per year in the United States. Company directors spend \$100

million annually on advertising. Thus, the Cuervo Defendants outsize Maker's Mark by almost any conceivable measure of market presence—from sales numbers to international reach to annual advertising.

The facts giving rise to this case began in the mid-1990s, when Cuervo executives decided to create a high-end tequila to celebrate the company's 200th anniversary of producing tequila products legally. They designed the new product, Reserva de la Familia, ("Reserva"), in conjunction with a U.S. marketing firm and production began in 1995. Initially, the Reserva bottle design included a straight-edge, non-dripping wax seal capping the bottle, along with a stamp of the Cuervo crest imprinted into the wax and a small blue ribbon extending from underneath the wax.

Juan Domingo Beckmann, now Chief Executive Officer of Casa Cuervo, testified that sometime around 1997, he decided to alter the wax seal to include dripping wax after seeing such a bottle in mid-production, before its drips were cut off. Beckmann thought the uncut seal, with its drips, created a unique and artisanal look. By 2001, Reserva, with its red dripping wax seal, had entered the U.S. market. Packaged in a wooden box designed each year by a different Mexican artist, it retailed for about \$100 per bottle. Cuervo's production of Reserva was limited, with the company offering only about 3,000 to 4,000 bottles per year.

***682** Defendant Diageo is a U.S.-based distributor of distilled spirits that marketed and distributed the contested Reserva product from at least 2001 to 2004.⁴ In 2003, Maker's Mark initiated this lawsuit to challenge Diageo's marketing of the Reserva product with the red dripping wax seal. At some time after that, Cuervo abandoned its use of the drips, but continued to sell a version of Reserva capped by the original red, straight-edge wax seal.⁵ In 2007, after Maker's Mark and Diageo attempted and failed to settle the case, Maker's Mark joined the Cuervo Defendants.

In November 2009, this Court held a six-day bench trial during which it heard testimony from numerous Maker's Mark employees, including: President and Chief Executive Officer Bill Samuels; Vice President of Operations and Master Distiller Kevin Smith; Vice President of Finance Mitchell Wagner; and Director of Marketing Barry Younkie. Maker's Mark also presented testimony from Susan Schwartz McDonald, an expert on markets and consumer recognition of brands; Krista Holt, a damages expert; Barry Guihan, a wax

composition expert; Jim Duncan, a collector of Maker's Mark memorabilia; and Thomas Ryan a "bottle closure" expert.

On behalf of Cuervo, the Court heard testimony from Casa Cuervo Chief Executive Officer Juan Domingo Beckmann; Cuervo Production Chief Alfredo Guerrero; Thomas Snell, former vice president of Jose Cuervo; survey expert Robert Klein; marketing expert John Kennard; brand expert Robert Frank; materials expert Robert Iezzi; alcoholic beverages expert Steve Mutkowski; and damages expert Thomas Neches.

Diageo offered testimony from Rob Warren and the Court took various other testimony by deposition. Additionally, the parties submitted post-trial briefs and responses.

II.

[1] [2] [3] As a preliminary matter, the Court must address the precise scope of the 465 trademark Plaintiff asserts in this case. That mark protects a "wax-like coating covering the cap of the bottle and trickling down the neck of the bottle in a freeform irregular pattern."⁶ During the first five or so years of this litigation, Maker's Mark's legal arguments referred *683 to rights in a "free-form" wax seal generally, and did not specifically mention the color red, though all its seals are red.⁷ In other words, Maker's Mark appeared to be seeking protection for any dripping wax seal, regardless of color. However, in the months leading up to trial, Maker's Mark narrowed its arguments to assert protection only for a *red* dripping wax seal. Despite the fact that Maker's Mark owns the separate 813 trademark incorporating the color red on the neck of a whisky bottle, it has never asserted that trademark in this case.⁸ Instead, Maker's Mark's assertion of the color red in the context of a dripping wax seal is based entirely on its continuous and regular use of that color, as one of the many colors permitted under the 465 mark.

[4] Though Defendants argued that the belated focus on "red" prejudiced them, the Court allowed Maker's Mark to assert its rights in a red dripping wax seal because that color is such a fundamental, likely inseparable, element of the mark. Indeed, today's opinion addresses only the red dripping wax seal asserted in this case, and not any other seal potentially protected by the broader 465 mark. The Court declines to address, for instance, the validity

or confusion issues concerning any trademark incorporating other colors of dripping wax. Those questions are not raised here because Maker's Mark does not typically use seals of other colors, does not assert protection for seals of other colors, and only challenges Cuervo's use of *red* dripping wax seals. Additionally, Maker's Mark's focus on *red* dripping wax actually narrows its trademark interests, rather than expanding them.⁹ Thus, the trademark that the Court refers to throughout this opinion is the Maker's Mark red dripping wax seal.

III.

[5] [6] The first issue the Court will address is the validity of Plaintiff's trademark. *684 Though the mark has become "incontestable" pursuant to  15 U.S.C. § 1065, that status merely creates a presumption of validity, and does not bar certain statutory challenges.  15 U.S.C. §§ 1052(e)(5), 1119. Here, the Cuervo Defendants argue that a free-form wax coating cannot comprise a valid trademark, and seek cancellation of the 465 mark on the grounds that it is either functional or generic.¹⁰ Because the mark is incontestable, Defendants bear the burden of proving these assertions.¹¹

See  *Nartron Corp. v. STMicroelectronics, Inc.*, 305 F.3d 397, 405 (6th Cir.2002); *Fuji Kogyo Co.*, 461 F.3d at 683; 15 U.S.C. § 1115(a)(a registered mark is "prima facie evidence of the validity of the registrant's ... exclusive right to use ...").

A.

[7] Defendants argue the red dripping wax seal is functional because it protects a cork from air, moisture and contaminants, thus preserving the contents of the bottle on *some* bottles of alcohol. They further argue that drips are a natural byproduct of such a coating, and are costly to remove. On the other hand, Maker's Mark asserts that a liquid-tight twist cap, and not the more expensive trademark wax coating, protects and preserves its product.

The Supreme Court has said that a product is functional "if it is essential to the use or purpose of the article or when it affects the cost or quality of the article."

 *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995). The role

of competition is critical to the functionality analysis. As the  *Qualitex* court explained "[t]he functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature."  *Id.* at 164, 115 S.Ct. 1300. Consequently, even if the senior user's own use of the wax seal is not functional, the seal could be deemed functional if competitors need wax seals for a functional purpose on their own bottles.

[8] Functionality in a trademark case is a factual determination. *Fuji Kogyo*, 461 F.3d at 681 (6th Cir.2006) (citing  *Ferrari S.P.A. v. Roberts*, 944 F.2d 1235, 1246 (6th Cir.1991)).¹² The Sixth Circuit has recently reviewed a district court's cancellation of a federally registered trademark in the shape of fishing rod lines on functionality grounds. *Fuji Kogyo*, 461 F.3d 675. There, the district court found that the shape of the fishing rod lines was functional and cancelled the trademark registration. *Id.* at 684. In reviewing the district court's decision, Judge Boggs noted the Federal Circuit's "helpful doctrine" *685 of *de jure* versus *de facto* functionality in assessing claims that a trademark is functional:

Our decisions distinguish *de facto* functional features, which may be entitled to trademark protection, from *de jure* functional features, which are not. "In essence, *de facto* functional means that the design of a product has a function, i.e., a bottle of any design holds fluid." *De facto* functionality does not necessarily defeat registrability. *De jure* functionality means that the product has a particular shape "because it works better in this shape."

Fuji Kogyo, 461 F.3d at 685 (quoting  *Valu Eng'g, Inc.*, 278 F.3d at 1274 (Fed.Cir.2002)) (citations omitted)(italics added). Here, the wax seal falls into Judge Boggs' *de facto* functionality category if the evidence shows that seals serve a function on some bottles, but that they are not a *superior* way to seal a bottle.

Additionally, the Sixth Circuit noted that the district court had adopted the  *Morton-Norwich* test, which considers: (1) the existence of a utility patent disclosing the utilitarian advantages of the design; (2) advertising materials in which the originator of the design touts the design's utilitarian advantages; (3) the availability to competitors of functionally equivalent designs; and (4) facts indicating that the design

results in a comparatively simple or cheap method of manufacturing the product. *Fuji Kogyo*, 461 F.3d at 685 (citing  *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340–41 (C.C.P.A. 1982)).¹³ Only the last two prongs of the test are relevant here.¹⁴

The most credible witnesses on functionality were James LeTourneau, a production manager for Jim Beam Distillers; Kevin Smith, Master Distiller for Maker's Mark; Thomas Ryan, a bottle closure expert; and Barry Guihan, a wax expert. Collectively, these individuals convinced the Court that the closure mechanisms on distilled spirits bottles make additional protection unnecessary and that the wax serves no true protective or preservative function. They also identified other less-expensive means for creating tamper-proof closures. Their testimony convinced the Court that numerous functionally equivalent methods exist to seal a bottle; that dripping wax seals are not a comparatively cheap or simple method; that the wax on the Maker's Mark bottle serves no function; and that Maker's Mark did not intend for it to serve any function.

Moreover, in the Court's view, Cuervo completely failed to show that wax seals are functional. Not only did Cuervo fall short of proving that the wax seal on the *Reserva bottle* was functional, it also did not prove that *any* current wax seal users employ the method for a functional purpose. For example, Cuervo's production manager, Alfredo Guerrero, acknowledged that the company seals other Cuervo products with plastic caps or shrink wrap, and *686 that some of those methods are less expensive than creating a wax seal. Cuervo's materials expert, Robert Iezzi, asserted that the cost of creating the straight seal was \$26,000 more per year than the cost of creating the dripping wax seal. However, his testimony lacked credibility. He failed to factor in time required to create the dripping wax seal and may have inflated the time necessary to make the straight-edge seal. Some parts of his testimony conflicted with Guerrero's, indicating that Iezzi performed his experiments under circumstances that were materially different from ones Cuervo actually used when it created the Reserva's dripping wax seal.

In short, Defendants' witnesses did not offer any credible proof that Plaintiff's wax seal is functional, and Plaintiff's evidence convinced the Court that the seal serves to identify the product's source.

B.

[9] Defendants further argue that Plaintiff's use of the dripping wax should be considered functional under a separate legal theory—*aesthetic functionality*. The Supreme Court referenced this legal concept, as opposed to traditional functionality, in  *Traffix Devices v. Marketing Displays*, 532 U.S. 23, 33, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001), saying that “it is proper to inquire into a significant nonreputation-related disadvantage in cases of aesthetic functionality.” See also *Antioch Co. v. W. Trimming Corp.*, 347 F.3d 150, 155 (6th Cir.2003) (citing  *Qualitex*, 514 U.S. at 170, 115 S.Ct. 1300) (the Supreme Court “proposed in dicta that where an aesthetic feature (like color), serves a significant function—such as helping an individual distinguish between a heart pill and a digestive tablet—courts should examine whether the exclusive use of that feature by one supplier would interfere with legitimate competition”). Other circuits and treatises have questioned the aesthetic functionality doctrine. See *Antioch*, 347 F.3d at 155; see also MCCARTHY, *supra* note 12, §§ 7:79–7.82 *Aesthetic Functionality* (4th ed.2008).

Nevertheless, the Cuervo Defendants argue that the Sixth Circuit would support their use of aesthetic functionality to invalidate Maker's Mark's trademark.  *Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc.*, 280 F.3d 619, 641 (6th Cir.2002). The  *Abercrombie* court noted that “the functionality doctrine may apply even to features of a product that are purely ornamental.”  *Id.* at 641 (citations omitted). It described a functional feature as “one which competitors would have to spend money not to copy but to design around.... It is something costly to do without (like the hood [of a car] itself), rather than costly to have (like the statue of Mercury [decorating the hood]).”  *Id.* at 642, n. 17 (quoting  *W.T. Rogers Co. v. Keene*, 778 F.2d 334, 339 (7th Cir.1985)). The court went on to say that “[i]t would ... be unreasonable to let a manufacturer use trademark law to prevent competitors from making pleasing substitutes for his own brand; yet that would be the effect of allowing him to appropriate the most pleasing way of configuring the product.”  778 F.2d at 346. Thus, applying the doctrine of aesthetic functionality is a matter of proof.

Even assuming that the Sixth Circuit would apply the doctrine, the Court finds the case for its application here is unconvincing. None of Cuervo's witnesses, such as Alfredo Guerrero or Robert Iezzi, convinced the Court that it would be difficult or costly for competitors to design around the red dripping wax trademark. Furthermore, red wax is not the only pleasing color of wax that competitors may employ on their product, nor does it put competitors at a significant non-reputation related disadvantage to be prevented from using red dripping wax. There are other ways of making a bottle look artisanal or unique. *687 Therefore, the doctrine of aesthetic functionality is inapplicable here.¹⁵

C.

[10] [11] [12] [13] Defendants also argue that Maker's Mark's registered trademark is generic. A registered trademark that becomes generic may be cancelled at any time. The Lanham Act articulates this test for genericness: "The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used." 15 U.S.C. § 1064(3). "[T]he term 'generic name' as used in [Lanham Act § 14(3)] must be read expansively to encompass anything that has the potential but fails to serve as an indicator of source, such as names, words, symbols, devices or trade dress." *Sunrise Jewelry Mfg. Corp. v. Fred S.A.*, 175 F.3d 1322 (Fed.Cir.1999). As with functionality, federal registration constitutes a presumption that the feature is not generic and the challenger bears the burden of overcoming this presumption. See *Leelanaau Wine Cellars, Ltd. v. Black & Red, Inc.*, 502 F.3d 504, 513 (6th Cir.2007).

Besides rather general testimony from several witnesses, only Robert Frank attempted to address the subject comprehensively. He found about a dozen brands of distilled spirits that had used a wax seal,¹⁶ though many of those were not red or did not drip. This evidence did not come close to convincing the Court that red dripping wax was an ordinary or even widespread indicator for distilled spirits. It was simply not enough to show that red dripping wax seals are identified so closely with distilled spirits as to become generic.

From the foregoing analysis, the Court concludes that the red dripping wax seal is valid.

IV.

[14] Any analysis of Maker's Mark's trademark claims should begin with an examination of the goals underlying federal trademark law. Trademarks are unique designations that serve to "identify and distinguish" the goods of a person." MCCARTHY, *supra* note 12, § 3.1 *What a trademark is* (4th ed.2002)(quoting 15 U.S.C. 1127). The purpose of the trademark statutes is to protect the trademark holder's quasi-property interest in the mark and prevent consumer confusion about the actual source of goods using the mark. *Ameritech, Inc. v. American Information Technologies Corp.*, 811 F.2d 960, 964 (6th Cir.1987).

[15] [16] In this section, the Court will address Makers Mark's infringement claims under various federal and state laws.¹⁷ These claims turn on whether *688 Cuervo's use was likely to confuse consumers. *Audi AG v. D'Amato*, 469 F.3d 534, 542 (6th Cir.2006) (citing *Two Pesos v. Taco Cabana*, 505 U.S. 763, 780, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992)). In contrast, Maker's Mark's dilution claim, which the Court will discuss in Section V, does not focus on confusion, because dilution exists "to protect the quasi-property rights a holder has in maintaining the integrity and distinctiveness of his mark." 469 F.3d. at 547.

A.

Section 32 of the Lanham Act imposes civil liability for "use in commerce [of] any ... copy, or colorable imitation of a registered mark in connection with the sale, offering for sale ... of any goods ... or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive."

15 U.S.C. § 1114(1)(a). Under Section 43(a), the relevant inquiry into a federal claim of unfair competition is whether Defendant:

... on or in connection with any goods ... or any container for goods, uses in commerce any ...

symbol, or device or any combination thereof, or any false designation of origin ... which—(A) **is likely to cause confusion**, or to cause mistake, **or to deceive as to the affiliation, connection, or association** ... with another person, **or as to the origin, sponsorship, or approval of his or her goods** ... or commercial activities by another person....

 15 U.S.C. 1125(a)(1)(A).

1.

[17] [18] [19] [20] Thus, to prove trademark infringement, Maker's Mark must show that Defendant's use of a red dripping wax seal on its bottle of Reserva tequila is "likely to cause confusion" among consumers.¹⁸ The Sixth Circuit recognizes at least three types of trademark infringement claims: confusion of sponsorship or affiliation, palming off and reverse confusion.  *Therma-Scan v. Thermoscan, Inc.*, 295 F.3d 623, 630 (6th Cir.2002);  *Ameritech*, 811 F.2d at 964. Maker's Mark focuses on confusion of sponsorship, where the goods may or may not be directly competitive, but the similarity of the trademark erroneously suggests a connection between the sources and the junior user seeks to capitalize on the senior user's goodwill or reputation.¹⁹

*689 [21] The Sixth Circuit has adopted an eight-factor test—"the  *Frisch* factors"—for determining whether consumers are likely to be confused: (1) strength of the senior mark; (2) relatedness of the goods and services; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used, (6) likely degree of purchaser care; (7) the intent of defendant in selecting the mark; and (8) likelihood of expansion of the product lines. See  *Frisch's Restaurants, Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir.1982). Courts use the  *Frisch* factors regardless of the type of claim, though the significance of each factor may be different in an association claim than in a palming-off claim.  *Therma-Scan*, 295 F.3d. at 630.

2.

[22] To analyze consumer confusion, one must first identify the relevant pool of consumers. Maker's Mark contends that confusion of potential buyers of either product is relevant, while Cuervo insists that only potential buyers of Reserva should be considered. The circuits are split on this issue. The Fifth Circuit has said that in a trademark infringement action where a survey is used "the appropriate universe should include a fair sampling of those purchasers most likely to partake of the alleged infringer's goods or services."  *Scott Fetzer Co. v. House of Vacuums, Inc.*, 381 F.3d 477, 487–88 (5th Cir.2004)(internal quotation marks omitted). In contrast, the Second Circuit found that it was error for a district court to consider only likely confusion of customers of the junior user and exclude customers of the senior user.  *Yarmuth-Dion v. D'ion Furs*, 835 F.2d 990, 995 (2d Cir.1987). The Sixth Circuit has addressed the issue only tangentially, when affirming a district court's criticism of a survey that included too broad a spectrum of purchasers.  *Leelanau*, 502 F.3d at 518. It cited the Fifth Circuit case with approval when it said "[t]he district court correctly recognized that the [confusion] study failed to limit the respondent population to those persons likely to purchase defendant's products."  *Id.* (citing  *Fetzer*, 381 F.3d at 487–88).

[23] This Court agrees with the Sixth Circuit's apparent endorsement of the view that the relevant consumers are the potential buyers of the junior user's product. This limitation is sensible. Maker's Mark is not harmed if its own consumers believe there is an association between Maker's Mark and the Reserva but would never purchase Reserva based on that connection. Therefore, the Court will consider only the confusion of potential Reserva consumers.²⁰

B.

[24] With the foregoing principles in mind, the Court will examine each of the  *Frisch* factors separately and then draw broad conclusions. "These factors imply *690 no mathematical precision, but are simply a guide to help determine whether confusion is likely.... The ultimate question remains whether the relevant consumers are likely

to believe that the products or services are affiliated in some way.”  *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Center*, 109 F.3d 275, 280 (6th Cir.1997).

1.

[25] **Strength of the Senior Mark:** “A mark is strong and distinctive when the public readily accepts it as the hallmark of a particular source; such acceptance can occur when the mark is unique, when it has received intensive advertisement, or both.”  *Daddy's*, 109 F.3d 275, 280 (citation omitted). The Sixth Circuit has noted that “[t]he stronger the trademark, the more likely it is that encroachment on it will produce confusion.”  *Champions Golf Club v. Champions Golf Club*, 78 F.3d 1111, 1117 (6th Cir.1996) (citation omitted).

[26] [27] The Court considers the red dripping wax seal inherently distinctive, because it is a unique mark used in an usual way to draw in the consumer.²¹ Plaintiff's marketing efforts have enhanced its distinctiveness. For example, Maker's Mark spends \$22 million annually on marketing that focuses almost entirely on branding the red dripping wax. That advertising spans various mediums, from stadiums and subway stations, to billboards and buses, to newspapers and magazines. Because of the unique nature of the advertising's focus on the red wax, the mark has in some ways taken on a life of its own, garnering significant attention beyond the purchased advertising.²² Dozens of periodical references to the red wax, including mentions in *Business Week*, the *Wall Street Journal*, the *Atlanta-Journal Constitution* and the *Associated Press*, support the distinctive nature and success of the trademark branding effort.²³

Beyond that extensive paid and free publicity, Maker's Mark also grew its brand in other ways, such as on-site dipping stations, ambassador programs where enthusiasts encourage others to try the product and bartender training. These efforts have cultivated something akin to a ***691** cult following of the brand among whisky enthusiasts. For example, an internal Jim Beam study measuring brand awareness showed that one in five whisky drinkers demonstrated an “unaided awareness” of Maker's Mark. According to the firm performing the study, those numbers were relatively high, “suggesting that for a smaller, more niche brand, [Maker's Mark] is potentially getting higher levels of ‘talk’ than might be expected for its size.”²⁴ The study also found that 69 percent of whisky

drinkers and 57 percent of distilled spirits drinkers were familiar with the brand.

Cuervo counters this evidence by arguing that wax seals are commonplace in the distilled spirits industry, and therefore Plaintiff's mark cannot be a strong mark. Though Defendants' brand expert Robert Frank did show some limited use of wax seals on distilled spirits, he did not convince the Court that it was commonplace. Furthermore, the relevant trademark here is a red dripping wax seal, and Maker's Mark has near exclusive use of such a mark among the relevant consumers.

The Court is convinced that the Maker's Mark red dripping wax seal is an extremely strong mark due to its unique design and the company's singular marketing efforts. This factor is particularly important in the analysis here for two reasons: (1) trademark laws are designed, in part, to protect creativity, brand identification and brand design loyalty, and (2) the more well-known the trademark is, the more likely it is that potential Reserva consumers will recognize it and assume its use indicates an affiliation or association with Maker's Mark.

2.

[28] [29] **Relatedness of the Goods:** “Cases typically fit into one of three categories regarding the relatedness of the goods and services of the parties. First, if the parties compete directly by offering their goods or services, confusion is likely if the marks are sufficiently similar; second, if the goods or services are somewhat related but not competitive, the likelihood of confusion will turn on other factors; third, if the goods or services are totally unrelated, confusion is unlikely.”  *Daddy's*, 109 F.3d at 282. “Services and goods ‘are related’ not because they coexist in the same broad industry, but are ‘related’ if the services are marketed and consumed such that buyers are likely to believe that the services, similarly marked, come from the same source, or are somehow connected with or sponsored by a common company.”  *Id.* at 282–83 (citing  *Homeowners Group v. Home Marketing Specialists*, 931 F.2d 1100, 1109 (6th Cir.1991)).

The Sixth Circuit has held the following goods or services related enough to cause confusion: bulk car wash products and car wash franchises, two slightly different kinds of oxygenating septic filters and sit-down and carry-out pizza.

See  *AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 797 (6th

[Cir.2004](#)(superceded on other grounds)(collecting cases).²⁵ Other businesses were not related enough, including infrared thermal-imaging devices and ear thermometers, real estate brokers and marketing services for real-estate brokers and Kellogg cereal's "Toucan Sam" trademark and a golf company named "Toucan Golf."²⁶ *Id.*

[30] Here, the evidence shows that the products are part of the same broad category *692 of high-end distilled spirits and Maker's Mark offered limited evidence that Cuervo intended to market the Reserva to drinkers of single barrel bourbons or other distilled spirits. Regardless, a certain unquantifiable number of Reserva's consumers are likely among those who also know of or consume Maker's Mark, simply because distilled spirits drinkers tend to graze among different brands. Cuervo points other factors to show the goods are less related. For instance, Maker's Mark is a premium bourbon whisky, retailing for about \$24 a bottle, while Cuervo's Reserva is an "ultra" or "super" premium tequila selling for about \$100 a bottle. Though the price difference in the two products does influence the Court's decision, it is not as relevant in an association case as it is would be in a palming off case, because potential Reserva consumers might believe a distilled spirits producer would sponsor or affiliate with a product in a different price range.

Thus, the Court finds that the products are somewhat related, but are not directly competitive. This factor marginally favors Maker's Mark.

3.

[31] [32] [33] **Similarity of the Marks:** This factor carries considerable weight. [Daddy's, 109 F.3d at 283](#). "The appearance of litigated marks side-by-side in the courtroom does not accurately portray market conditions."

[Id. at 283](#) (citing [Homeowners Group, 931 F.2d at 1106](#)). "Rather, courts must determine whether a given mark would confuse the public when viewed alone, in order to account for the possibility that sufficiently similar marks 'may confuse consumers who do not have both marks before them but who may have a general, vague or even hazy impression or recollection' of the other party's mark."²⁷ [Daddy's, 109](#)

[F.3d at 283](#) (citing [Wynn Oil Co. v. Thomas, 839 F.2d 1183, 1188 \(6th Cir.1988\)](#) (citation omitted)). Courts should view marks in their entirety and focus on overall impressions

rather than individual features. [Daddy's, 109 F.3d at 283](#) (citing [Homeowners Group, 931 F.2d at 1109](#)). The Court deems this factor particularly important in an association case, where the mark could be the only indicator that there is a link between the two products.

[34] The competing cases of red wax have obvious facial similarities. The neck of the Maker's Mark bottle is topped with a glossy, red wax seal that covers the cap and drips, in a freeform fashion, down the glass neck. The front label of the bottle says "Maker's Mark" and includes the family's "S IV" seal. Reserva's dripping wax also covers the cap and drips down the neck and is almost the same color red. The two bottles are nearly the same height and the liquid in both appears brown. On closer examination, in the manner of a potential consumer, the Reserva wax seal is notably different. Its wax is thinner and less glossy. It is imprinted with the Cuervo family seal and a small blue ribbon protrudes from beneath the wax. Overall, the Cuervo dripping wax creates a distinctly more antique look than the clean, contemporary feel of the Maker's Mark wax. Very few consumers, if any, would buy one product believing it was the other.

Cuervo urges the Court to give the house marks—the "Jose Cuervo" and "Maker's Mark" labels—significant weight in considering overall similarity. Sixth Circuit cases properly acknowledge that the presence of a house mark, along with the alleged infringing trademark, can decrease the likelihood of confusion. [Therma-Scan, 295 F.3d at 634](#); [AutoZone, 373 F.3d at 796–97](#). Though a house mark would be important in a "palming off" case, it does not logically follow that house marks would be as important in an association case, when the two products are related enough that one might associate with or *693 sponsor the other and still use their own house mark. That said, the Court does acknowledge that nothing on the products *other than* the red dripping wax, would suggest an association between the two.

Overall, in the context of a confusion of sponsorship case, the facial similarity of the Reserva and Maker's Mark seals causes this factor to narrowly favor Maker's Mark.

4.

[35] **Evidence of Actual Confusion:** "Evidence of actual confusion is the best evidence of likelihood of confusion,"

[Daddy's](#), 109 F.3d at 283 (quoting [Wynn Oil](#), 839 F.2d at 1188). But because it is difficult to show actual confusion, “a lack of such evidence is rarely significant.” [Daddy's](#), 109 F.3d at 283. Parties typically show actual confusion through direct evidence from or about communications with consumers or through consumer surveys. See [Daddy's](#), 109 F.3d at 284 (consumer called plaintiff and indicated his belief that a store owned by defendant was plaintiff's store); [Therma-Scan](#), 295 F.3d at 624 (e-mails from consumers indicating uncertainty about whether plaintiff manufactures thermometers); [Leelanau Wine Cellars, Ltd. v. Black & Red, Inc.](#), 502 F.3d 504, 517–18 (plaintiff offered confusion survey).

[36] At trial, Maker's Mark offered Marketing Director Barry Younkie to testify about a few, non-specific instances of alleged actual confusion at WhiskyFest.²⁶ To the extent that Younkie's testimony was evidence of actual confusion, it was weak because it came from an interested party and lacked the detail necessary for the Court to determine whether the consumers were potential purchasers of Reserva. See [Therma-Scan](#), 295 F.3d at 634 (finding that six e-mails indicating uncertainty about the plaintiff's products was not significant evidence of actual confusion); [Homeowners Group](#), 931 F.2d at 1110 (“it does not follow that any type or quantum of such evidence is entitled to significant weight”).²⁷ Almost all of the other purported “confusion” evidence at trial consisted of testimony by Maker's Mark officials that concerned or angry fans had contacted them to complain about Cuervo's use of the red dripping wax. This evidence does not constitute “actual confusion.” Rather, it shows that some consumers were concerned about infringement *but were not confused*, and certainly were not buying the Cuervo product because of an alleged association with Maker's Mark.

Cuervo offered the survey evidence of Robert Klein to show that confusion did *694 not exist. Klein concluded that only two percent of respondents were confused about the two brands. In the Court's view, the study and its conclusions were flawed in several significant ways.²⁸ First, the survey—conducted online using 500 respondents—created an environment that was dissimilar to that in which a typical consumer would encounter Maker's Mark or Reserva. [Leelanau](#), 502 F.3d at 518 (refusing to give credence

to survey that “did not replicate conditions that consumers would encounter in the marketplace”); *see MCCARTHY, supra* note 12, § 23:2.50 at 23–16 (surveys are only evidence of actual confusion where “the survey mirrors the real world setting” that creates an instance of actual confusion). Second, Klein showed the respondents pictures of various liquors with the brand name listed below each product, which would tend to suggest that the products were not affiliated. Third, Klein's control group was problematic and may have skewed the confusion results.²⁹ Last, Klein excluded respondents who indicated that the products were related but said that they were “guessing.” In sum, Klein's study was neither useful nor persuasive.

For the reasons stated above, the Court finds that neither party produced meaningful evidence related to actual confusion. The Sixth Circuit has held that “[t]he factor of actual confusion ‘is weighted heavily only when there is evidence of past confusion, or perhaps, when the particular circumstances indicate such evidence should have been available.’ ”

[Daddy's](#), 109 F.3d at 283 (citations omitted). Cuervo asserts that where, as here, the products co-existed for a number of years, evidence of actual confusion should have been available, if in fact it existed. While this is true in the abstract, the limited sales of Reserva with the dripping wax seal between 2001 and 2004 would make evidence of any actual confusion quite scarce. Consequently, the actual confusion evidence factor neither helps nor hurts Maker's Mark; it is neutral.

5.

[37] **Marketing channels used by the parties:** A court must “consider ‘the similarities or differences between the predominant customers of the parties' respective goods or services' and ‘whether the marketing approaches employed by each party resemble each other.’ ” [Audi AG v. D'Amato](#), 469 F.3d 534, 543 (6th Cir.2006) (citing [Daddy's](#), 109 F.3d at 285).

[38] Maker's Mark sells its products in bars, restaurants and liquor stores. The nature of Cuervo's packaging suggests a greater focus on liquor store sales. Maker's Mark presented some evidence at trial that Reserva's target market includes whisky drinkers. Certainly, the two show up at some of the same events, such as WhiskyFest, and advertise in some of the same magazines, including *Cigar Aficionado*. However,

no evidence suggests that *695 the two products are ever sold or appear side-by-side.

Maker's Mark's and Reserva's dramatically different advertising budgets limit the amount of overlap between their marketing channels. For example, Maker's Mark spends approximately \$22 million annually marketing its bourbon, while Cuervo spends only a half million (as compared to its \$100 million overall brand budget) on Reserva. Maker's Mark focuses its marketing on its red wax tendrils and Reserva does not. Also, the price difference in products suggests that Reserva appeals to connoisseurs. At most, Maker's Mark showed that there was some overlap in the customer base and marketing focus.

Cuervo produced evidence that Reserva is sold in different parts of the store than Maker's Mark and that it is sometimes sold in a locked case. This evidence is mostly irrelevant in a sponsorship or affiliation scenario, because it does not tend to prove less confusion as to Reserva's sponsorship or affiliation with Maker's Mark. In some ways, it would make sense for Maker's Mark to sponsor or affiliate with a product in a different price range, rather than a directly competitive product.

The Reserva is sold in a wooden box container that hides the bottle within and, therefore, reduces the possibility of confusion at the point of sale. However, at least some of the boxes are adorned with a cut-out picture of the bottle, red dripping wax seal included, and Maker's Mark offered evidence that retailers sometimes display Reserva on their shelves without the box. Thus, the evidence about the impact of the box was mixed.

The marketing channels used by the parties are similar in some ways and dissimilar in others. Perhaps this factor marginally favors Maker's Mark.

6.

[39] **Likely degree of purchaser care:** In the Sixth Circuit, the standard of purchaser care in trademark cases is a “typical buyer exercising ordinary caution.”  *Homeowners Group, 931 F.2d at 1111*. That court went on to say:

However, when a buyer has expertise or is otherwise more sophisticated with respect to the purchase of the services at issue, a higher standard is proper. Similarly, when services are expensive or unusual, the buyer can be expected to exercise greater care in her purchases. When services are sold to such buyers, other things being equal, there is less likelihood of confusion.

 *Id.*

[40] Potential purchasers of Reserva are likely to display a high degree of care because the Reserva is a relatively expensive liquor—the \$100 price tag alone mitigates against a casual purchase. The Reserva purchaser is also likely to be sophisticated, because Reserva is an ultra-premium product that would tend to appeal to connoisseurs. Additionally, those who buy Reserva are likely to be knowledgeable about the Cuervo brand and, therefore, less likely to confuse it with others. Moreover, those Maker's Mark aficionados who do purchase Reserva are likely to know that their favorite brand sells no other kind of liquor and, therefore, is unaffiliated with Cuervo.

True, the high degree of care does not, by itself, preclude the possibility of confusion as to the association between the products. See  *Daddy's, 109 F.3d at 286* (“[C]onfusingly similar marks may lead a purchaser who is extremely careful and knowledgeable about the instrument that he is buying to assume nonetheless that he seller is affiliated with or identical to the other party.”) Nevertheless, this factor clearly favors Cuervo.

*696 7.

[41] [42] **Defendant's intent in selecting the mark:** “If a party chooses a mark with the intent of causing confusion, that fact alone may be sufficient to justify an inference of confusing similarity.”  *Daddy's 109 F.3d at 286* (citing  *Homeowners Group, 931 F.2d at 1111*). Cuervo originally chose a mark that included a red wax top but

no tendrils. Witness testimony indicated that the tendrils arose organically, when Juan Domingo Beckmann, now the company president, saw a bottle of Reserva before the tendrils were cut and decided he liked the look. Additionally, Cuervo ceased the allegedly offending use in the U.S. shortly after Maker's Mark sued for infringement. This evidence suggests that Cuervo's actions were benign.

Maker's Mark argues that extensive advertising of a protected mark can create a presumption that the alleged infringer knew of the protected mark, and that the use was intentional. See

 *Daddy's*, 109 F.3d 275 at 286. However, Maker's Mark was not as well known (and less well known in Mexico) when the Mark was first conceived, and Cuervo employees testified that they did not consider their use an infringement because the wax seals were used on different products. Additionally, in light of the huge size differences of the two companies, the Court is not convinced that it would make sense for Cuervo to try to associate with Maker's Mark when it already had so much brand recognition.

[43] The Court finds that the evidence was not sufficient to prove that Cuervo's use was intentional. Because "intent is an issue whose resolution may benefit only the cause of the senior user, not an alleged trademark infringer," this factor is neutral.  *Leelanau*, 502 F.3d at 520 (citing  *Daddy's*, 109 F.3d at 287).

8.

[44] **Any likelihood of expansion of the product lines:** "[A] 'strong possibility' that either party will expand his business to compete with the other or be marketed to the same consumers will weigh in favor of finding that the present use is infringing."  *Daddy's*, 109 F.3d at 287 (citing  *Homeowners Group*, 931 F.2d at 1112). Here, Maker's Mark only sells one product and does not plan to expand. Though there is some possibility that Cuervo, with its many brands, could make an entree into the bourbon market, it does not have plans to do so at this time. This factor is neutral.

C.

[45] The question of infringement is a close call. A majority of the  *Frisch* factors do favor Maker's Mark. Only the

strength of the mark, however, strongly favors Maker's Mark. Two other important factors, such as the relatedness of the goods and similarity of the marks, are marginally favorable. Nevertheless, these three factors taken together are quite significant.

The products occupy the same general market and liquor companies use co-branding frequently enough to lead consumers to believe that the red dripping wax could indicate a relationship between the two products. Additionally, the similarity of the marks leads the Court to believe that potential purchasers of Reserva could be confused, despite a heightened level of care. This is true especially where, as here, Maker's Mark has almost exclusively focused its marketing efforts on tying its distinctive brand identifier to its only product. This is precisely the circumstance under which trademark protection is most appropriate. For all these reasons, the Court concludes that Cuervo's use of a red *⁶⁹⁷ dripping wax seal is likely to cause confusion among the relevant consumers.

V.

[46] In addition to infringement, Maker's Mark argues that Cuervo's use of a dripping red wax seal constitutes federal trademark dilution under the Trademark Dilution Recovery Act ("TDRA").  15 U.S.C. 1125(c)(1). Under the TDRA,

the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness, shall be entitled to an injunction against another person who, at any time after the owner's mark has become famous, commences use of a mark or trade name in commerce that is likely to cause dilution by blurring or dilution by tarnishment of the famous mark, regardless of the presence or absence of actual or likely confusion, of competition, or of actual economic injury.

 15 U.S.C. § 1125(c). Instead of focusing on consumer confusion, trademark dilution inquires whether a senior user's

distinctive and famous mark is being diluted by another's use of a similar mark that weakens the strength or damages the reputation of the senior mark. See  *Jet, Inc. v. Sewage Aeration Systems*, 165 F.3d 419, 425 (6th Cir.1999).

[47] The Sixth Circuit employs a five-part test for dilution.

 *Audi AG v. D'Amato*, 469 F.3d 534, 547 (6th Cir.2006) (citing  *AutoZone, Inc. v. Tandy Corp.*, 373 F.3d 786, 802 (6th Cir.2004)). To prevail on its claim, Maker's Mark must prove that (1) its mark is famous, (2) its mark is distinctive, (3) the defendant used the mark in commerce, (4) after it became famous, and (5) the defendant's use is likely to cause dilution of the plaintiff's mark.  *Id.*

[48] Though the dilution and infringement tests include some overlapping elements, the two claims differ in critical respects. To prevail on a dilution claim, the parties *need not be competitors* and confusion *need not be present*.  *Jet, Inc.*, 165 F.3d at 425 (“Anti-dilution laws protect a senior user's mark even if the junior user is not a competitor and there is no likelihood of confusion between the two products. However, the senior user must demonstrate that it has a famous mark and that the junior user's conduct damages the senior's interest in the mark ‘by blurring its product identification or by damaging positive associations that have attached to it.’”)

(citing  *Ameritech, Inc. v. American Info. Technologies Corp.*, 811 F.2d 960, 965 (6th Cir.1987)) (applying Ohio law).

A.

[49] [50] [51] Whether a mark is “famous” is the threshold issue in a trademark dilution claim. “Fame” is a lexicon of art particular to trademark jurisprudence; it is not at all the same as asking “the man on the street” whether a name, mark or product is “famous.” It is not proven through the words of trade publication articles declaring it so.³⁰ Rather, under the TDRA, a mark is famous if it “is widely recognized by the general consuming public of the United States as a designation of source of the goods or services of the mark's owner.”  15 U.S.C. § 1125(c)(2)(A). The term “general consuming public,” added in a 2006 revision to the Act,³¹ appears to have eliminated any possibility that niche fame—a type of fame recognized prior to 2006—is a valid basis for finding a mark famous.  *698 *Top Tobacco*,

L.P. v. North Atlantic Operating Co., Inc., 509 F.3d 380, 384 (7th Cir.2007);  *Bd. of Regents v. KST Elec., Ltd.*, 550 F.Supp.2d 657, 678 (W.D.Tex.2008). The revision also indicates that Congress intended for dilution to apply only to a small category of extremely strong marks.

The TDRA lists four factors for courts to consider when determining whether a mark is famous:

- (i) The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties;
- (ii) The amount, volume, and geographic extent of sales of goods or services offered under the mark;
- (iii) The extent of actual recognition of the mark;
- (iv) Whether the mark was registered ... on the principal register.

 15 U.S.C. § 1125(c)(2)(A).³²

[52] [53] At trial, Maker's Mark offered strong evidence related to the first factor, which inquires into advertising and publicity of the relevant mark. Though Maker's Mark's national advertising budget is much smaller than the better-known Cuervo brand, the \$22 million it does spend is primarily used to promote the dripping red wax. Furthermore, third party publicity from movies and newspapers gives Maker's Mark an additional boost under the first factor.³³ The fourth factor—whether the mark is a registered trademark—also favors Maker's Mark. However, Maker's Mark did not offer much evidence supporting the other two factors. While annual sales of 800,000 cases is somewhat significant, Maker's Mark is not the nation's largest whisky producer and its sales do not make it a behemoth in the distilled spirits world. Additionally, the lack of survey evidence leaves the Court with little to rely on as to the third factor—the extent of actual recognition of the mark. Fame in the trademark context must be based upon evidence and case law, not upon the personal opinion of industry commentators.

Since the revision to the trademark dilution act, courts have deemed famous brands such as Nissan, Nike and Pepsi. *Nissan Motor Co., Ltd. v. Nissan Computer Corp.*, 2007 WL 4938219, 2007 U.S. Dist. LEXIS 90487 (C.D.Cal.2007); *Nike, Inc. v. Nikepal Int'l, Inc.*, 2007 U.S. Dist. LEXIS 66686 (E.D.Cal.2007);  *Pepsico, Inc. v. #1 Wholesale, LLC*, 2007

[WL 2142294, 2007 U.S. Dist. LEXIS 53768 \(N.D.Ga.2007\)](#). The Sixth Circuit found that the Audi name and its trade dress were famous. [Audi AG, 469 F.3d at 547](#). An opinion in this judicial district held that the Victoria's Secret name is famous.

[V Secret Catalogue, Inc. v. Moseley, 558 F.Supp.2d 734, 743 \(W.D.Ky.2008\)](#). However, fame was not a contested issue

in either the [Audi AG](#) or the [V Secret](#) case, and those opinions did not discuss the issue in any depth or length. Indeed, few courts have addressed the issue of fame in the context of trade dress. In one rare opinion that did, an Eastern District of Michigan court found that the Hershey Company candy bar's trade dress—consisting of the rectangular shape, silver foil and lettering and *699 brownish-maroon wrapper—was famous. [Hershey Co. v. Art Van Furniture, Inc., 2008 WL 4724756 \(E.D.Mich.2008\)](#).

In contrast, a district court in Texas held that the Texas Longhorn logo was not famous for the purposes of the TDRA, even though it was well known within its niche market and was seen by millions of viewers during nationally

televised sporting events. [Board of Regents, University of Texas System v. KST Electric, Ltd., 550 F.Supp.2d 657 \(W.D.Tex.2008\)](#). A Maryland district court found that MENSA was not a famous mark, noting that a famous mark must be a “household name” and that the “TDRA does not ‘protect trademarks whose fame is at all in doubt.’ ” [Am. Mensa, Ltd. v. Inpharmatica, Ltd., 2008 U.S. Dist. LEXIS 99394 \(D.Md.2008\)](#) (citations omitted). All in all, these cases do not give the Court much specific collective guidance.

Assuming for the moment that the Maker's Mark red wax seal is better known on a national level than MENSA and the Texas Longhorn logo, the company did not offer—and probably could not offer—evidence that it is in the same league as Nike, Pepsi, Nissan, Audi, Hershey's or Victoria's Secret. Some of those brands enjoy not only a strong national presence, but also a significant international presence. Nike and Victoria's Secret have their own brick-and-mortar retail stores. The Hershey's name and trade dress is synonymous with chocolate. Usually, market dominance tracks fame. Though Maker's Mark is a terrifically strong and focused brand, the evidence here does not persuade the Court that it is in the same category as those above. In short, the Court has serious doubts.

Maker's Mark's proof did little to assuage the Court's concerns. Even though it offered evidence that numerous

newspaper articles referenced the fame of its mark, general media assertions and acclamations of fame are not strong evidence that the mark is famous under TDRA's particular and high standard. Additionally, none of Maker's Mark's studies focused on fame among the general consuming public—rather they all viewed fame from a niche market perspective. As discussed above, niche fame is not sufficient.

Furthermore, Maker's Mark Marketing Director Barry Younkie all but conceded that the company's name—as distinguished from its mark, which is at issue in dilution—may not be famous even within the company's niche market of whisky drinkers. At trial, Younkie testified about a survey measuring awareness among whisky drinkers of the names of various distilled spirits brands. The survey showed that numerous brands, including Bacardi, Jack Daniels, Jim Beam, Cuervo, Absolut and others, were more recognized than Maker's Mark—which had a 69 percent awareness level.³⁴ In response, the Court asked the witness: “[C]an you draw the conclusion from this that Maker's Mark is not as famous as about 20 other brands of distilled spirits?” Younkie answered: “Yes, you could.” Even though the survey focused on the *name* Maker's Mark, rather than recognition of the red wax seal, one could assume that Maker's Mark's red wax seal is not widely known among the general consuming public if the recognition of its name among whisky drinkers *alone* is only 69 percent.

Most of the cases concerning fame have addressed the issue more as an afterthought. This Court has addressed the issue more vigorously. The admitted parochial pride of many Kentuckians in this brand's success is not a substitute for actual evidence. The evidence in this case has not convinced the Court that Maker's *700 Mark is famous as defined by the TDRA. Without proof of fame, Maker's Mark's dilution claim fails.

VI.

Maker's Mark requests two separate statutory remedies for Cuervo's infringement. First, it seeks a permanent injunction prohibiting Cuervo from future use of the red dripping wax.

[15 U.S.C. § 1116\(a\)](#). Second, Maker's Mark argues that it deserves an award of money damages in the form of a reasonable royalty to compensate it for Cuervo's past use. [15 U.S.C. § 1117\(a\)](#).

[54] [55] [56] An injunction of some sort is the typical remedy in a trademark infringement case. See *Audi AG*, 469 F.3d at 550. Such relief provides tangible evidence of the trademark holder's rights, and arms the holder with a legal weapon by which it can fend off infringing use. In contrast, monetary damages are designed to compensate the victim for lost sales, to rectify unjust enrichment or to deter future use. See e.g. MC CARTHY, *supra* note 12, § 30:58–59 (4th ed.2008); *Nalpac, Ltd. v. Corning Glass Works*, 784 F.2d 752, 755 (6th Cir.1986)(monetary damages may be awarded where defendant acts in bad faith); *Maier Brewing Co. v. Fleischmann Distilling Corp.*, 390 F.2d 117, 121 (9th Cir.1968)(monetary awards can deter defendant and compensate for unjust enrichment). Monetary damages are not automatically recoverable, even where a plaintiff succeeds in proving infringement. *Audi AG v. D'Amato*, 381 F.Supp.2d 644 (E.D.Mich.2005), aff'd, 469 F.3d 534 (6th Cir.2006).

The Court will address each request in turn.

A.

[57] Section 35 of the Lanham Act permits courts to grant injunctions “according to the principles of equity and upon such terms as the court may deems reasonable, to prevent the violation of any right” of the holder of a registered or unregistered trademark. 15 U.S.C. §§ 1116(a), 1117(a). In the Sixth Circuit, “[i]njunctive relief is the remedy of choice for trademark and unfair competition cases, since there is no adequate remedy at law for the injury caused by a defendant's continuing infringement.” *Audi AG*, 469 F.3d at 550 (quoting *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1180 (9th Cir.1988)). A plaintiff seeking a permanent injunction must show that (1) it has suffered irreparable injury, (2) there is no adequate remedy at law, (3) a remedy in equity is warranted when considering the balance of hardships between the parties, and (4) it is in the public's interest to issue the injunction. *Audi AG*, 469 F.3d at 550 (citing *eBay Inc., et al. v. MercExchange, LLC*, 547 U.S. 388, 126 S.Ct. 1837, 1839, 164 L.Ed.2d 641 (2006)).

1.

[58] [59] [60] [61] Generally, irreparable injury, the first factor, is presumed from a showing of success on the merits of a trademark infringement claim. See *DaimlerChrysler v. The Net Inc.*, 388 F.3d 201, 208 (6th Cir.2004); *Circuit City Stores, Inc. v. CarMax, Inc.*, 165 F.3d 1047, 1056 (6th Cir.1999). As to the second factor, equitable relief is probably the surest way to prevent further consumer confusion between the two red dripping wax seals as well as emphasizing and protecting Maker's Mark's rights. When considering the third factor—the hardships of such a remedy—Maker's Mark's concerns seem to be much greater than Cuervo's. Over many years, Maker's Mark has expended considerable amounts of money and effort building consumer association between the red wax seal and its bourbon. Cuervo has put little effort into marketing Reserva and the red dripping wax seal on its bottle. *701 Moreover, allowing the wax to drip was an afterthought and Cuervo discontinued its use shortly after this lawsuit began. Finally, under the last factor, it is in the public's best interest to be certain that consumers are not misled in the future. See *Audi AG*, 469 F.3d at 550. The injunctive relief assures this.

Cuervo argues that an injunction is inappropriate because it ceased use of the dripping wax seal more than five years ago and there is no proof that it intends to resume. ³⁵ While these precise facts may be true, the Court disagrees with Cuervo's conclusions drawn from them. At trial, Casa Cuervo Chief Executive Officer Juan Domingo Beckmann testified that he ceased use of the red dripping wax because he did not want a legal fight, but that he prefers to use the seal. “I like the way it looks, and I would like to be able to use the dripping wax because it looks more hand-crafted. But if I am going to be sued over it, or if I have to pay in order to use it, I simply wouldn't.” Thus, Cuervo ceased using the mark based on a practical business judgment. That judgment is laudable but not conclusive here.

In these circumstances, the Court finds that equity supports injunctive relief. See *Am. Bd. of Psychiatry and Neurology, Inc. v. Johnson-Powell*, 129 F.3d 1, 5 (1st Cir.1997) (court does not abuse its discretion by affirming an injunction when the nonmoving party has voluntarily abated the use); *Lyons Partnership, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789 (4th Cir.2001) (“defendants face a heavy burden to

establish mootness"). Moreover, there is an affirmative reason for the injunction. Equity also requires that Maker's Mark receive some tangible evidence of successfully protecting its trademark rights.

2.

[62] [63] The remaining question is how to define the scope of that remedy. District courts are given significant latitude in fashioning injunctions. *Audi AG*, 469 F.3d at 550 ("scope of injunctive relief is reviewed for abuse of discretion") (citing *Gibson Guitar*, 423 F.3d at 546). However, courts favor relief closely tailored to the infringement, especially in cases where the defendant's behavior does not signal bad intent. See *Forschner Group v. Arrow Trading Co.*, 124 F.3d 402, 406 (2d Cir.1997) ("the essence of equity jurisdiction has been the power to grant relief no broader than necessary to cure the effects of the harm caused by the violation"); *Wynn Oil v. Am. Way Service Corp.*, 943 F.2d 595, 609 (6th Cir.1991) (noting that broader injunction was acceptable where defendant was "bold enough to engage in willful infringement"); see also *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368, 390 (5th Cir.1977) ("unqualified injunction ... is justified by [defendant's] history of improper behavior").

[64] A relatively narrow injunction is appropriate here for several reasons. First, the parties are involved in further litigation before this Court related to a similar mark. Also, Maker's Mark did not prove that Defendants engaged in improper behavior, or adopted the red dripping wax seal with bad intent. Finally, the Court's determination that Cuervo's use infringed was a close-call under these facts. A broad, punitive injunction is not warranted and could be counterproductive. Thus, the Court grants Plaintiff's request for an injunction as follows:

The Diageo and Cuervo Defendants, their officers, agents, servants and employees, *702 and all those persons in active concert or participation with them are hereby enjoined from using red dripping wax on the cap of a bottle in the

sale, offering for sale, distribution or advertising of Cuervo tequila products at any locality within the United States.³⁶

Cuervo urges the Court to define the injunction even more narrowly, by limiting it to the Reserva product. The court finds that definition too restrictive because it would not prevent the use of the seal on an only slightly different product, or a product more closely related to Maker's Mark, such as a less expensive product.³⁷ Thus, Cuervo is prohibited from using the red dripping wax seal on any tequila product sold in the United States, including the Reserva.

B.

The Lanham Act also provides that a plaintiff who succeeds on an infringement claim "shall be entitled ... subject to the principles of equity, to recover 1) defendant's profits, 2) any damages sustained by the plaintiff, and 3) the costs of the action." 15 U.S.C. 1117(a).³⁸

[65] Maker's Mark asserts that a reasonable royalty is a proper substitute for defendant's profits as an appropriate measure of damages, especially when damages are difficult to calculate. See *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 963 (7th Cir.1992) *aff'd in part and vacated in part*, 34 F.3d 1340 (7th Cir.1994) (applying a royalty rate to assess damages where there was not previous royalty agreement between the parties). Cuervo argues that royalties are generally appropriate only where the infringer used the mark beyond the allowed period, or where a royalty rate was negotiated between the parties. *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 166 F.3d 197 (3d Cir.1999). The Sixth Circuit has not directly addressed the issue. In any event, both parties' experts analyzed reasonable royalty rates based on the factors enumerated in *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F.Supp. 1116 (S.D.N.Y.1970), modified and *aff'd* 446 F.2d 295 (2d Cir.1971), *cert. denied*, 404 U.S. 870, 92 S.Ct. 105, 30 L.Ed.2d 114 (1971).³⁹

*703 For the reasons that follow, the Court concludes that an award of any damages is inappropriate here.

1.

[66] The statute says a prevailing plaintiff is “entitled” to damages, but qualifies that directive with the language “subject to the principles of equity.” 15 U.S.C. 1117(a). Damages awarded in trademark cases are designed to (1) make the plaintiff whole, (2) prevent the infringer from being unjustly enriched, and (3) deter future infringement. See *Frisch's Restaurant v. Elby's Big Boy*, 661 F.Supp. 971 (S.D.Ohio 1987) aff'd 849 F.2d 1012 (6th Cir.1988); *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532 (2d Cir.1992); *Tamko Roofing Prods., Inc. v. Ideal Roofing Co., Ltd.*, 282 F.3d 23, 30 (1st Cir.2002).⁴⁰

Only a handful of cases from this circuit offer guidance on awarding damages for trademark infringement. These cases either deny damages under circumstances similar those presented here or award damages based on factors not present here. Collectively, they suggest that this Court could properly deny monetary damages where, as here, there is neither harm to the plaintiff nor gain or willful infringement by the defendant. In *Wynn Oil v. American Way Service Corp.*, the Sixth Circuit reversed a trial court's decision to award an injunction but not damages where the court placed upon the plaintiff the burden of proving the defendant's profits.

943 F.2d 595, 605 (6th Cir.1991). In that case, the district court awarded attorney's fees but declined to award damages because it “could not ascertain profits made as a result of Defendants' willful infringement.” *Id.* The appeals court remanded the case for additional findings related to the amount of damages, and later upheld the trial court's damages award, except for the amount of interest it awarded. *Id.*; *Wynn Oil Co. v. American Way Service Corporation*, 1995 WL 431019 *3–4, 1995 U.S.App. LEXIS 19191 *10 (6th Cir. July 20, 1995).

In contrast, the Sixth Circuit, in *Nalpac v. Corning Glass Works*, upheld a trial court's decision to award an injunction but deny damages where the defendant acted in good faith, did not know of the other trademark when it began use of its infringing mark and ceased use of the mark after plaintiff filed suit. 784 F.2d at 755 (6th Cir.1986).⁴¹ In affirming the lower court's decision, the Sixth Circuit noted that this was “not the usual trademark infringement case” because

the infringer, Corning, had much stronger name recognition, marketing channels and advertising capacity than did Nalpac. *Id.* The Court appeared to indicate that such factors would decrease the likelihood of intentional infringement.

More recently, the Sixth Circuit affirmed another trial court decision denying damages. *Audi AG v. D'Amato*, 381 F.Supp.2d 644, 668 (E.D.Mich.2005), aff'd, 469 F.3d 534 (6th Cir.2006). There, the district court asserted that “there is no *704 automatic monetary award even where a plaintiff succeeds in proving infringement.” *Audi AG*, 381 F.Supp.2d at 668. The court then referenced the “subject to the principles of equity” language in the statute, and went on to say:

courts have held that an accounting [of profits] will not be ordered merely upon a showing of infringement, since, under the Lanham Act, accounting may be denied where injunction will satisfy the equities of the case. *Laskowitz v. Marie Designer, Inc.*, 119 F.Supp. 541 (S.D.Cal.1954). The Court finds that although Defendant's infringement was willful, statutory damages are not appropriate in this matter. Defendant alleges that he has not made a profit from [his infringing website]. Under these circumstances, the Court finds that an injunction satisfies the equity of the case.

Id. at 669.

Trademark commentators reinforce the view that monetary relief is not always appropriate in an infringement case. According to McCarthy on Trademarks, judges typically look for intentional or improper behavior before awarding monetary damages in addition to an injunction. He states:

[I]njunctive relief is generally granted upon a strong showing of a ‘likelihood of confusion’ and neither proof of actual confusion nor proof of intent is required. However, when it comes to making an award of monetary

relief for acts of past infringement, judges are hesitant to do so ... without that indefinable 'something more.' Monetary liability in trademark cases without fault or knowingly performing illegal acts seems to give most judges considerable pause. However, evidence of actual confusion of some customers or evidence of actual losses suffered by plaintiff will often supply the missing element even where defendant ignorantly blundered into an infringing act.

MCCARTHY, *supra* note 12, § 30:58 *Introduction—Comment: theory and practice of monetary awards* (4th ed. 2008).

2.

Neither the cases or commentary, nor the evidence, convince the Court to award monetary damages here. Maker's Mark offered no proof that Cuervo's use of the red dripping wax seal caused it to lose actual sales or goodwill. Cuervo's proof suggested that it did not profit from the use of the dripping wax seal because sales of Reserva grew proportionately, before, during and after Cuervo used the dripping wax. As noted above, Maker's Mark offered no significant evidence of actual confusion. Moreover, Cuervo ceased use of the mark voluntarily at the start of this litigation, indicating that it will not willfully infringe Maker's Mark's trademark in the future. Finally, no evidence proved intentional copying or bad faith.

As was the case with the Corning defendant in *Nalpac*, the sheer size of Cuervo and the extensive brand recognition it already enjoyed would suggest that there really was no incentive for Cuervo to copy Maker's Mark's trademark in order to increase sales. Though it is true that none of these factors, taken alone, would necessarily preclude damages, when considered together, they are compelling. Because the proof at trial did not show harm to Maker's Mark, gain to Cuervo, bad faith on the part of the Defendants or quantifiable consumer confusion, the Court finds that a monetary award, in any form, is not warranted here.

For all of these reasons, an injunction without an award of damages is the equitable and proper result here. The injunction prevents consumer confusion and acknowledges and protects Maker's Mark's significant legal interest in the red dripping wax *705 seal, a mark that has become the symbol of its company. It also serves as a sword Maker's Mark can wield against Diageo and Cuervo, in the unlikely event they resume their use in the future. To a lesser degree, it also protects Maker's Mark from other competitors or quasi-competitors in the industry, in that it may serve to discourage them from treading too closely on the mark. Neither Diageo nor Cuervo need pay money damages for a wrong from which they derived little benefit. Furthermore, it is not equitable to award Maker's Mark damages that are decidedly uncertain and certainly unproved.

The Court will enter an Order consistent with this Opinion.

All Citations

703 F.Supp.2d 671, 97 U.S.P.Q.2d 1780

Footnotes

- ¹ In 2005, Fortune Brands, Inc., purchased Maker's Mark from British distillery company Allied Domecq. Fortune, a Deerfield, Illinois-based holding company, owns several major brands, including Jim Beam bourbon, Canadian Club whisky, Sauza tequila, Titleist golf balls and Moen faucets.
- ² For many years, Maker's Mark sold more than 90 percent of its bourbon within Kentucky; over time those numbers have reversed and now more than 90 percent of the company's sales come from outside the state.
- ³ A registered trademark becomes incontestable under  § 1065 after continuous use for five consecutive years subsequent to the date of registration. *Id.* Once a mark is "incontestable," its registration constitutes

- "conclusive evidence of the validity of the registered mark," except as to certain statutorily enumerated challenges, including the functionality of the mark. [15 U.S.C. § 1115\(b\)\(8\)](#).
- 4 The evidence does not definitively resolve when the Reserva bottle with its wax drips was introduced in the U.S. or when it ceased being sold here.
- 5 A separate lawsuit relating to Cuervo's general use of red wax seals is currently pending before this Court. See *infra* note 8.
- 6 The trademark asserted here protects the Maker's Mark package design, rather than the words "Maker's Mark," and thus constitutes "trade dress." The design of a product, as well as its packaging, both "trade dress," may form the basis of protection under the Lanham Act. This is so whether or not the trade dress has been registered as a trademark on the principal register. [Fuji Kogyo Co. v. Pacific Bay Int'l., Inc.](#), 461 F.3d 675, 683 (6th Cir.2006) (citing  [Wal-Mart Stores, Inc. v. Samara Bros., Inc.](#), 529 U.S. 205, 209–10, 120 S.Ct. 1339, 146 L.Ed.2d 182 (2000));  [15 U.S.C. § 1125\(a\)\(3\)](#). However, when the packaging of a product satisfies the federal standards of trademark protection, it can be approved for placement on the principal register. See, e.g.,  [Qualitex Co. v. Jacobson Prods. Co.](#), 514 U.S. 159, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995) (green/gold color of a dry cleaning press pad);  [Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP](#), 423 F.3d 539 (6th Cir.2005) (two-dimensional silhouette of guitar's body shape). This path from trade dress to registered trademark is precisely the path Maker's Mark has followed. Thus, the Court will apply the statutory presumptions provided under the Lanham Act for registered trademarks. This is appropriate because the claims are pled as trademark infringement claims, rather than claims for unregistered trade dress infringement.
- 7 Maker's Mark occasionally uses seals of other colors to commemorate certain events or for charitable purposes. However, the evidence showed that the company has applied non-red seals to less than one percent of its bottles.
- 8 In July 2009, Plaintiff did move to amend its complaint to include an assertion that Defendants' current use of *non-dripping* red wax on the Reserva de la Familia product was also an infringement of its trademark rights. However, the proposed Amended Complaint also did not assert the 813 trademark in the color red. The Court denied Plaintiff's motion, in part because discovery had already closed and the amendment would have prejudiced the Defendants. Plaintiff then filed a new case challenging the use of Reserva's non-dripping red wax seal. That case is pending before the Court and does assert the 813 trademark.
- 9 Cuervo argues that the addition of "red" into the case is actually a broader protection than Maker's Mark originally asserted, and that red is an additional and *unregistered* portion of Maker's Mark's trademark. In contrast, Maker's Mark asserts that the 465 trademark is unrestricted as to color and thus protects its use of red. See  [In re Data Packaging Corp.](#), 59 C.C.P.A. 776, 453 F.2d 1300, 1302 (1972) (holding that non-color-specific trademark envisions use of the trademark in "all the colors of the spectrum") (citation omitted). The importance of this distinction is that if the Court shared Cuervo's view, Maker's Mark would have had to prove that the unregistered portion, or red portion, of its package design mark was "inherently distinctive" or had attained "secondary meaning" to get trademark protection for it. See  [Two Pesos, Inc. v. Taco Cabana, Inc.](#), 505 U.S. 763, 769–70, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992). However, even if Cuervo were correct, the ultimate result is unchanged, because the Court finds that Maker's Mark's red dripping wax seal is inherently distinctive and/or has attained secondary meaning through fifty years of consistent use, extensive advertising focused on the mark and an extremely strong association between the mark and the product by relevant consumers. The red dripping wax seal is clearly an indicator of source.
- 10 The Cuervo Defendants also argued, in some pre-trial motions and in their post-trial brief, that Maker's Mark obtained its trademark fraudulently, by making material and false misrepresentations with the intent to deceive the U.S. Patent and Trademark Office. This claim fails because Defendants have offered absolutely no evidence of it.

- 11 In a 1999 amendment to Lanham Act § 43(a), Congress added a paragraph placing the burden of proving non-functionality on the plaintiff in the case of *unregistered* trade dress. However, as noted above, Plaintiffs seek protection for a registered trademark that protects trade dress packaging.
- 12 See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 7:73 *Evidence Relevant to the Functionality Issue* (4th ed. 2008) [hereinafter MCCARTHY] (noting, “[e]ach case of alleged functionality will present a unique set of facts not easily disposed of either by sweeping generalities or precise legal rules. So long as the proper question is asked, the result will flow from a careful weighing of the evidence relevant to whether or not the disputed design feature is dictated by utilitarian purposes.”).
- 13 This Court is aware that in *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 31, 121 S.Ct. 1255, 149 L.Ed.2d 164 (2001), the Supreme Court held that “[i]f a design is functional, there is no need to further consider competitive necessity” and that the third and fourth *Morton–Norwich* factors consider alternative design and cost of manufacturing. The Sixth Circuit has yet to definitively resolve whether evidence of alternative designs has a place outside the competitive necessity test. See *Antioch Co. v. W. Trimming Corp.*, 347 F.3d 150, 156 (6th Cir.2003). Acknowledging that “a court is not *required* to examine alternative designs when applying the traditional test for functionality,” *id.*, this Court is persuaded that the *Morton–Norwich* factors provide a helpful framework to evaluate the evidence regarding the functionality of a wax coating. Indeed, Judge Boggs' more recent application of the *Morton–Norwich* factors in *Fuji Kogyo* indicates to do so is not error in this Circuit. See 461 F.3d at 685.
- 14 The first two prongs of this test do not apply because there are no patents at issue.
- 15 Because the doctrine is not applicable, the Court declines to address the validity of the “aesthetic functionality” doctrine in this Circuit.
- 16 There were six whiskies with black wax seals, three whiskies with red wax seals and a handful vodkas and tequilas that used wax seals. Maker's Mark has challenged uses of red wax on various whiskies, including at least one of the three identified by Robert Frank.
- 17 Courts apply the same analysis for Kentucky common law trademark infringement and unfair competition claims as they do for federal claims of trademark infringement. See *Winchester Federal Savings Bank v. Winchester Bank, Inc.*, 359 F.Supp.2d 561, 564 (E.D.Ky.2004) (“Once the plaintiffs establish that the marks are valid and protectable, they must establish that the defendant's service mark is likely to cause confusion among consumers in the marketplace in order to prevail on all of the state and federal claims.”) (citing *A Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 833 (6th Cir.1983)). Federal false designation of origin claims are also resolved under this standard. 15 U.S.C. § 1125(a). Thus, the Court resolves all of the trademark claims, other than the federal dilution claim, in this section.
- 18 Defendants argue that in order to make out a viable “likelihood of confusion” claim, Maker's Mark must prove that its trade dress has acquired secondary meaning. While it is true that Sixth Circuit opinions analyzing trade dress confusion claims identify a three-part test for trade dress infringement—which requires, in addition to likelihood of confusion, that a plaintiff show its mark is non-functional and has attained secondary meaning—the Court finds the secondary meaning step inapplicable in a situation where Plaintiff's trade dress was registered as a trademark and has become incontestable. See *GMC v. Lanard, Toys, Inc.*, 468 F.3d 405, 414 (6th Cir.2006) (court applies three-part test, including secondary meaning element, to unregistered trade dress is at issue, but does not apply that test to the registered trademarks at issue, even where those trademarks protected trade dress elements, such as the nose design of a Hummer); see also *Audi AG*, 469 F.3d at 539–45 (applying the likelihood of confusion test alone when one of the marks was registered trade dress). Though the determination of secondary meaning or distinctiveness could be relevant under the first *Frisch* factor—strength of the senior mark—the Court does not need to address it outside the *Frisch* test.

19 The traditional and most prevalent type of infringement claim is so-called "palming off," where the plaintiff's and defendant's goods are in direct competition and the confusion is over the source of their origin.

 [Ameritech, 811 F.2d at 964](#). In other words, consumers might buy the infringing, or junior user's, product, after mistaking it for the senior user's product.  *Id.* Here, Plaintiff does not assert that anyone would actually buy the Reserva believing that it was a bottle of Maker's Mark.

A third type of trademark infringement is called "reverse confusion," which occurs when "the junior user saturates the market with a similar trademark and overwhelms the senior user. The public comes to assume the senior user's products are really the junior user's or that the former has become somehow connected to the latter."  *Id.* Maker's Mark did make reference to "reverse confusion" in its post-trial briefs. However, the Court does not address the theory, because the proof at trial simply did not support it. Maker's Mark offered no evidence that Cuervo had the ability or the intent to saturate the market with its \$100 Reserva product. Should that circumstance change, it would implicate an entirely new set of issues.

20 Clearly, some of these consumers could also be potential or actual consumers of Maker's Mark.

21 When determining whether a mark is unique or distinctive, courts often place a trademark into categories: generic, descriptive, suggestive, and fanciful or arbitrary.  [Daddy's, 109 F.3d at 280](#). However, such categories are not as helpful in packaging-related trade dress claims as they are when assessing the strength of a word mark. Thus, in trade dress claims (at least those not dealing with product design), courts typically look to whether the trade dress is either 1) inherently distinctive, or 2) has acquired distinctiveness through the attachment of "secondary meaning."  [Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc., 280 F.3d 619, 635–39 \(6th Cir.2002\); see also](#)  [Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 774, 112 S.Ct. 2753, 120 L.Ed.2d 615 \(1992\)](#). Though the mark at issue is inherently distinctive, the Court finds that it has also acquired secondary meaning through fifty years of use, extensive advertising and consumer recognition.

22 For instance, Maker's Mark received national advertising awards for its unique, wax-focused ad campaigns. Additionally, the company offered evidence at trial that various movie and television producers had contacted it for permission to use the mark in their films or shows. For example, the red wax appeared in three recent Spiderman movies and on the show "Sex in the City."

23 Three years ago, *Business Week* called to the dripping wax seal as "one of the most recognizable branding symbols in the world." *The Atlanta-Journal Constitution* referred to the "famous red wax seal" in an article from 2002. In 2008, the *Associated Press* called Maker's Mark an "internationally known bourbon with a distinctive red wax seal." That same year, *CBS Sunday Morning* did a story on Maker's Mark and followed a bottle through the "famous dip in red sealing wax."

24 Plaintiff's Exhibit No. 165, p. 8533.

25 Some of these courts did not ultimately find a likelihood of confusion, for various reasons.

26 Younkie testified that at WhiskyFest—an event where liquor producers, including Maker's Mark and Cuervo, set up booths and make presentations—some consumers questioned him about the relationship between Maker's Mark and Reserva. Younkie indicated that he was standing at his booth when "consumers came up and said, 'Since when did Maker's Mark do a licensing agreement with Cuervo? Now you've got a tequila? What does it taste like? Are you using your barrels?' And I didn't know what they were talking about." Younkie further testified that other Maker's Mark fans, angered by Cuervo's use of the red wax seal, approached him to tell him that "Cuervo has stolen your dripping wax."

27 Plaintiffs also offered an affidavit from memorabilia collector Jim Duncan, which stated that he saw the Reserva at WhiskyFest and initially thought it was a Maker's Mark product, but quickly realized his error. At most, this testimony constitutes "initial-interest confusion" which has been criticized in a Sixth Circuit trade dress case involving product design.  [Gibson Guitar Corp. v. Paul Reed Smith Guitars, LP, 423 F.3d 539, 549–52 \(6th Cir.2005\)](#). It is not clear whether initial-interest confusion is viable as a substitute for actual

confusion in a *package* design case such as this one. However, even if this were evidence of actual confusion, it is weak evidence in that it only involves one consumer who may or may not be a potential purchaser of Cuervo.

28 Other courts have criticized Klein's surveys.  *Bd. of Regents v. KST Elec., Ltd.*, 550 F.Supp.2d 657, 676–77 (W.D.Tex.2008) (Klein asked leading questions and coded survey responses in a way that favored Defendants) (citing *Urban Outfitters, Inc. v. BCBG Max Azria Group, Inc.*, 511 F.Supp.2d 482, 499 (E.D.Pa.2007) (“The Court finds that [Klein's] survey's use of the ‘classic’ control suffers from a significant shortcoming that limits its probative value in showing a likelihood of confusion between the brands.”)).

29 In that group, he replaced the picture of the Reserva at issue with another picture of Reserva that included a red wax seal but had no drips. Then, he subtracted the number of confused respondents in the control group from the number of confused respondents in the test group. Such an approach ignores the fact that the control group picture could have been confusing also.

30 See *supra* note 23.

31 The previous version of the federal trademark act, prior to the 2006 revision, was called the Federal Trademark Dilution Act of 1995, or “FTDA.” Some courts still refer to the revised act as the FTDA.

32 The TDRA also requires that the mark in question be famous at the time the offending use began. However, Maker's Mark only requests injunctive relief under the TDRA for Cuervo's *prospective* use of a red dripping wax seal, because the company has previously ceased use of the seal pending the results of this litigation. As such, Maker's Mark asserts that only its current or future fame—at the time Cuervo reissues its red dripping wax seal—is at issue. For purposes of this dilution analysis, the Court gives Plaintiff the benefit of the doubt by analyzing fame at the current time. However, its ultimate conclusions render moot the debate about the time of fame.

33 See *supra* note 22.

34 Plaintiff's Exhibit 165, p. 8535.

35 The Court believes Cuervo does not intend now to resume use of the red dripping wax seal. Nevertheless, Beckmann's testimony leaves open the possibility that Cuervo would do so pending the outcome of this litigation. Certainly, Defendants have not foreclosed that possibility.

36 The Plaintiffs have limited the scope of their requested injunctive relief to Defendants' U.S. sales.

37 Cuervo cites a statement by the Court at trial asserting that it would not limit use of the seal on products other than the Reserva. After careful consideration of all of the evidence, the Court has decided that its injunction should cover tequila products generally, and not just Reserva.

38 The Lanham Act further provides that “no profits and no damages shall be recovered under the provisions of this chapter unless the defendant had actual notice of the registration.” 15 U.S.C. 1117(a). Thus, lack of notice of the registration of the mark can serve as a defense to an award of damages under certain Lanham Act claims. Here, the parties dispute whether Cuervo had actual notice of Plaintiff's mark. The Court does not address this issue in detail because even if Cuervo had actual notice the Court does not see fit to award damages.

39 The parties applied various calculations to the question of money damages, but the expert testimony focused primarily on reasonable royalties and Defendants' profits. Maker's Mark's damages expert, Krista Holt, argued that the  *Georgia-Pacific* factors support an award of a five percent royalty on Diageo's Reserva sales to wholesalers in the United States. Cuervo's expert, Thomas Neches, analyzed the factors and recommended the Court award no damages or damages no greater than one percent of Cuervo's Reserva sales. John Kennard, a branding expert for Cuervo, also testified about the  *Georgia-Pacific* factors. He, too, argued that assuming the parties would agree to a royalty rate, one percent would be a reasonable royalty.

40 Most of the cases in this section address a plaintiff's request for “an accounting” of defendant's profits. Though Maker's Mark does not request that remedy, the reasonable royalty rate it does request is typically a substitute for an accounting of profits, and thus the analysis is applicable here.

41 Plaintiff asserts that *Nalpac* was decided under old law, because willful infringement is no longer required for a plaintiff to obtain a disgorgement of profits. See  *Nike, Inc. v. Top Brand Co.*, 2005 WL 1654859 *10, 2005 U.S. Dist. LEXIS 42374 *33–34 (S.D.N.Y. July 13, 2005). While Plaintiff may be correct, the Court finds the *Nalpac* analysis helpful beyond the issue of willful infringement, because bad faith is still one of many relevant factors to consider when awarding damages. See  *id.* (citing  *Quick Technologies, Inc. v. Sage Group PLC*, 313 F.3d 338, 347–49 (5th Cir.2003);  *Banjo Buddies, Inc. v. Renosky*, 399 F.3d 168, 171–174 (3rd Cir.2005)).

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